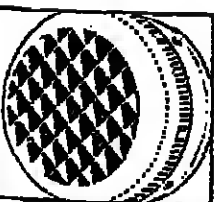


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SUNDAY TIMES business news

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UK faces massive \$ crisis bill

BY MALCOLM CRAWFORD, Economics Editor

A NEW WAVE of increases in Common Market food prices and import levies, which would raise the UK's contribution to the Community Budget, is now foreseen in Washington following a new analysis by officials of the backwash of the impending international currency realignment.

Washington officials, who have warned key members of Nixon's cabinet of the consequences, are not worried about Britain's market membership costs, of course, but are fearful about the effects of higher Common Market prices on surplus production in Europe. They foresee grain support prices in France, Italy, Britain, and Denmark going up, by an average of as much as 8%. As the import levies would go up, America's already-dwindling grain exports to Europe could be topped, and higher grain surpluses would flow outward from Europe and spoil America's worldwide grain sales.

For Britain, the threatened increases would add to her entry costs, over and above the price increases envisaged at the time membership was being negoti-

ated. They would add to prices in the shops, and proportionately rather more to the balance of payments cost.

Washington officials have recommended that the US insist that the EEC stockpile future grain surpluses, instead of dumping them on world markets; limit subsidy payments for wheat used as feed grain in Community member countries; and abandon the increase in maize prices, which was decided last spring.

Officials are also preparing a list of demands for concessions by European countries on agricultural trade and non-tariff barriers to dropping the import charge—in addition to the currency realignment.

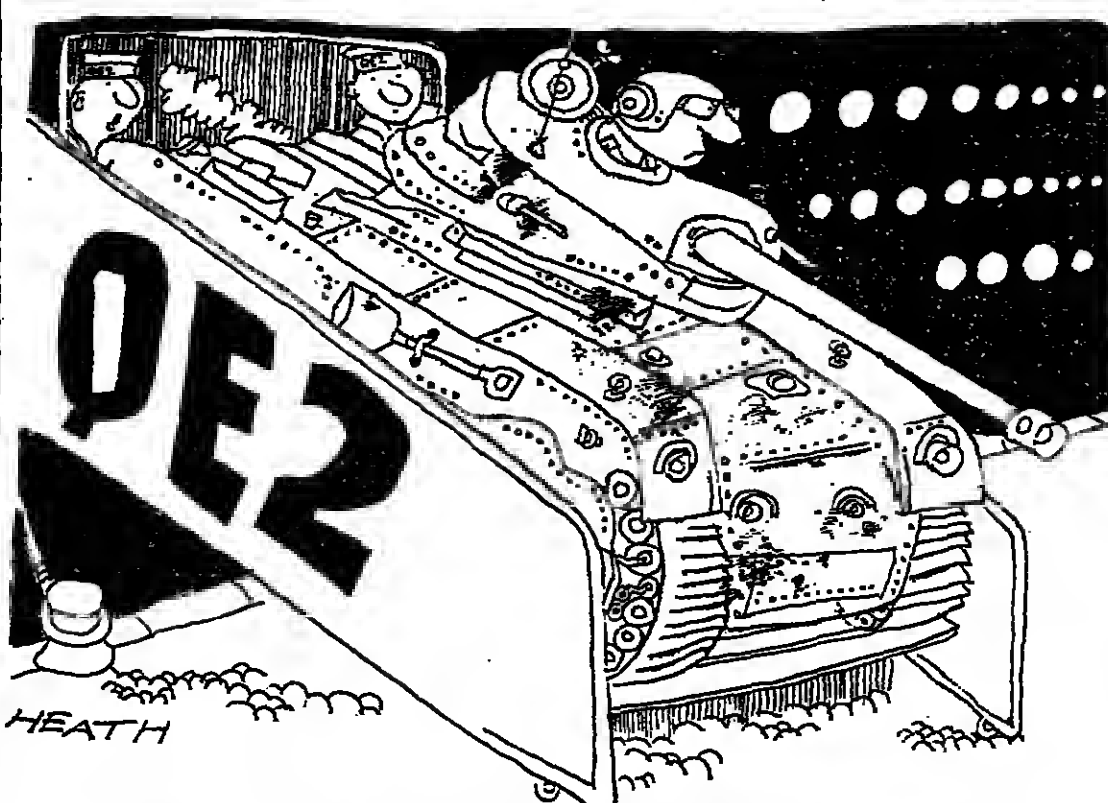
The European Commission is preparing its own list of counter-demands, with the hope of making these issues, the subject of prolonged horse-trading—after removal of the surcharge.

The technical point which will raise farm product prices in France, Britain, Italy, and Denmark is this: prices of basic foodstuffs in the Common Market are linked to "target prices"—each unit having the same ratio

to gold as the US dollar. As the German D-mark has floated up about 10 per cent, and will probably be pegged at about that level, produce prices in terms of marks would fall—if the Germans would let them. But the German Government has made it plain that it intends to do no such thing. Instead, the whole structure, in terms of units of account will have to be raised in line with the revaluation of the D-mark.

The Six will not settle this without a bitter internal dispute, but it is expected that in the end, only the Italian will persist in objecting. Whether the candidate countries (such as Britain and Denmark) will have any say in the matter remains to be seen.

Connolly has also been warned that if he raises the dollar price of gold, as part of the currency realignment, this could result in a revaluation of the Community's unit of account—which in turn could result in an across-the-board rise in farm product prices in the Common Market. This would depend on various future decisions, but is likely to add to Connolly's many existing reasons for leaving the official gold price unchanged.



"IRA? Oh no, it's just an ex-Cunard director gunning for Nigel Brookes."

How much law on the shop floor?

BY VINCENT HANNA

TOP PERSONNEL managers are expecting a difficult life under the Industrial Relations Act. Many still favour closed union shops and a big majority are prepared to make legal concessions for industrial peace.

Few managers show any enthusiasm for courts. More than 70% feel that legal sanctions are just a useful standby in industrial relations, and a massive 97% do not anticipate seeking any legal action under the Act next year.

But a large minority (39%) expect a legal action next year from their employees and unions. These are the preliminary conclusions from a major survey carried out by The Sunday Times at the Institute of Personnel Management annual conference in Harrogate last week.

Faced with a practical example of union militancy, few managers were prepared to be heroes. We posed the problem of a union insisting that its next agreement

should contain a clause stating that the agreement would not be legally binding. Only 15% were prepared to stand firm and say no. More than 70% said that they would rather concede the point for industrial peace.

Personnel managers are the front-line troops in the industrial relations war, the men who will have to make the Act work on the factory floor. The exclusive survey was aimed at 500 managers from Britain's top companies. Replies in full to 32 detailed questions about their company job and attitude were made by 350.

The preliminary results, taken from a cross section of 100 managers, show that the publicity of the past year about industrial relations has been a feeling of caution in the personnel departments. The views in the survey, were those of individuals, not of companies, and of course not the policy of the I.P.M.

More than 25% of the managers

operate currently under a "closed shop" system and more than 50% under a "100% union shop."

Surprisingly as many as 45% still favour the closed shop in general as against 43% who oppose it. Our analysis showed that 35% thought the Act would affect their company a great deal and 50% felt that its influence would be slight. But 65% were sure that the Act would make their own job more difficult (14% thought that their life would be easier).

In spite of that 68% saw personal relations with employees remaining at present levels. The three firms in our cross section who expect to have a legal battle with the unions were all multi-national companies.

Next week Business News presents a full analysis of this exclusive guide to management attitudes under the Act, including comparisons with The Sunday Times survey at Harrogate last year.

Last ditch plan to save the Islander

BY JOHN FRYER

UP TO a month ago Britten-Norman, the Isle of Wight plane-makers, put in the hands of the receiver on Friday, was projecting a staggering rise in profits from £152,000 to £1.3 million in just two years. It was still hopeful of staying in business a few days ago, when its major creditor decided to call in its loan.

This emerged yesterday as the company's founders, John Britten and Des Norman, met the receiver at their Bembridge factory. It is now apparent that desperate efforts were made by the company to either transfer the business abroad or get a tie-up with a foreign group. This may yet be a possibility, and things should be a lot clearer by next Tuesday after the receiver has had a closer look at the books.

Britten-Norman, in fact, went to three countries to find a partner: Singapore, Israel and Rumania. Last month there was even a plan to shift production of Britten-Norman's 10-seat Islander and 18-seat Trislander aircraft to Singapore, where cheap labour and lower tax would make the planes more competitive.

Talks were started with London representatives of the Singapore Government and banks. Britten-Norman drew up figures for its next three years' trading which make optimistic reading. Turn-

over would rise, in two years, from £4.5 million to £7.7 million, and pre-tax profits from £152,000 to £1.3 million.

Transfer of the business to Singapore would reduce labour and tax so much that the cost of an Islander would come down by £5,270 (out of £35,000) and the Trislander by £9,430 (out of £100,000). This would increase projected profits by £598,000 a year, including write-offs of development costs, profits could hit £1.3 million by the end of 1973. Further confidence by the company came with figures that showed it paying off debts, initially totalling £4 million, at around £500,000 every six months.

Britten-Norman offered prospective Singapore partners a 40% stake in the company for £1 million, although it reckoned they would recoup some £1.5 million from profits on its existing product projections. However, the deal never took off.

John Britten admits that those figures were revised. The same thing presumably happened with the Israeli and Rumanian deals. Unfortunately for Britten-Norman, the Exporters Refinance Corporation (a subsidiary of Lloyds Bank) which had a £2.8 million loan outstanding with the company, decided to call in the receiver. The Government now owes around £250,000.

Nixon wins cut-price computer war

BY HARLOW UNGER, New York

THE US General Services Administration—the American Government's purchasing agency—confirmed yesterday that the \$20 million Pentagon contract awarded last week for 35 large-scale Honeywell computers represented a 70% discount from normal commercial prices.

What the GSA called a "smashing victory" over the computer industry monopoly came after four years of battling in and out of court between the Government and the computer industry. The fight began in July, 1967, when the General Accounting Office forced the US Air Force into an abrupt cancellation of a \$48 million computer order with International Business Machines Corporation. The GAO, which is congress's official watchdog over executive spending, learned that

the USAF had awarded the contract to IBM despite bids ranging from \$25 million to \$30 million lower by Honeywell, RCA, and Burroughs. The three losses protested and started the inquiry that forced the USAF to cancel its IBM contract.

Since then, the Pentagon and other US agencies have forced companies to bid more and more competitively for Government awards, and the cut-throat competition reached its peak with this latest award. Even IBM's unsuccessful bid was 50% below list price—an unheard-of bid by IBM.

The US Government is America's largest computer buyer. It now owns 5,900 computers, and the Pentagon alone will buy about \$400 million worth this year.

Heath men say 'back Concorde'

BY TERRY HUGHES

MAJOR BOOST for the prospect of full-scale production of the Concorde Supersonic Airliner has been given by a confidential report produced by Lord Rothschild's Central Policy Review Unit (Edward Heath's think-tank).

This study, a series of papers on various aspects of the project, recasts sales of between 120 to 150 planes within the first five years of Concorde production. It is in line with the most optimistic projections made by manufacturers, which had predicted sales of up to 200 planes during the whole production run of the aircraft, which could be 10 years or more. It is far more than the gloomy forecasts recently circulating among government sources in Whitehall.

that sales could be as low as 24 aircraft. The Rothschild figure would indicate a production rate of above the two aircraft a month planned by the manufacturers.

The Rothschild Report, which drew on a number of sources including the manufacturers, the airlines, and Cooper Bros., the accountancy firm, is now with the Department of Trade and Industry. It seems likely to break the somewhat static situation the aircraft's programme is now in. Earlier this year the Government authorised a start on the first 10 aircraft from 1974 on. Previous work, costing Britain £300 million to date, had all been on prototypes and pre-production aircraft.

A first step could be authority

to start work on eight more aircraft, making a total of 18. For, according to their option agreements, BOAC, Air France and Pan-American are due to take 18 aircraft between them, taking delivery alternately.

But before BOAC will take up its options it requires, besides guarantees of performance, flight safety levels (which now look acceptable), firm price and Government help to get landing rights. The price is expected to be around £13 million, but the Rothschild Report includes suggestions of making purchases easier for airlines, all of which are under considerable financial strain because of the introduction of Jumbo Jets at a time of static revenues. BOAC will not only need Government support to get the American authorities to agree to Concorde landing in New York, it also wants the right to land at Lagos on the crucial South African run. Earlier this year BOAC's West African routes were transferred to British Caledonian and BOAC has no landing right there at the moment.

A further boost to Concorde is coming from rivalry between China and Japan to be the first to introduce the aircraft in the Pacific, the fastest-growing air market in the world and the one most suitable for Concorde. Following a recent and successful visit by the manufacturers to Peking at the invitation of the Chinese government, Japan Airlines has now asked to increase the number of options from three to six aircraft. But it also wants to advance its place in the production queue as a condition of increasing any order it gets.

THE CONFEDERATION of British Industries, and Common Market equivalents, will warn the Japanese next week not to mount any major export drive to Europe to make up for sales lost by the US import surcharge. If the Japanese defy the warning the Europeans will press their governments to raise import barriers against them.

The warnings will be given at a meeting between Japanese and European business leaders in Brussels on Tuesday. The Japanese side consists of a delegation from the Kaidanren—the Japanese confederation of industry—sent to Europe to get the European countries to get behind the EEC's long-proposed liberalisation of Japan-Europe trade. Japanese goods face high barriers in some European countries.

BY DAVID BLAKE, Brussels

Last spring talks began—largely because of pressure from the US seeking to divert its Japanese imports to Europe—but they broke down. The main difficulty has been the European demand for the right to throw up emergency barriers, on a discriminatory basis, if home industries cry out for help.

The Japanese have insisted that the European countries should not claim any more emergency protection rights than the generalised one permitted by the GATT.

The Japanese delegation, led by Kogor Uemura, president of the Kaidanren, will go all out to persuade the Europeans that they need not worry about a large-scale switch of Japanese exports. The Japanese will point out that the upward float of the yen is

expected to hit their competitiveness. But German industry, equally harmed by the upward float of the mark, is particularly afraid of the Japanese.

In Tokyo, Japanese newspapers are speculating that their government is planning a revaluation of the yen by 12½% to a new exchange rate of 320 per US dollar. A cabinet spokesman denied the reports. Press speculation has thrown up figures ranging from 10% to 16% for the expected new official yen rate.

The reports say that Japan is now sounding out the US on a 12½% revaluation, with 3% permitted margins—so that if market pressures pushed the yen up, it could move up on the exchange markets as high as 15.9% above the old parity.

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The Great Escape

Complain for all you're worth: it still won't do you any good. That is the depressing message to emerge from a Quarter Session ruling in Croydon last week. A test case under the Trade Descriptions Act of the cornerstones of a consumer legislation—determined that a guilty trader need not pay any compensation to his victim.

In June, Croydon magistrates told a local car dealer to pay a customer £230 compensation after falsely describing the condition of a secondhand car. This was in addition to a £250 fine. The appeal hearing, which ended last week, reduced the fine by £50—and quashed the compensation award.

The judge and two magistrates in Croydon have at least removed an ambiguity in the Act—but in doing so, made it clear that new legislation is needed. "We think the Trade Descriptions Act would be even more effective if magistrates could award compensation. Perhaps Parliament may think it right to give them this power."

Meanwhile, the overworked weights and measures men, when they mount prosecutions, have no chance to obtain redress for the consumer. To obtain compensation he must launch an entirely separate, complicated and expensive private legal action himself—for which, not surprisingly, few people have the resources.

SHOP!

Out of order

FOODMARKET, the telephone shopping service put out by the Post Office in London and the Home Counties puts up the shutters today. Official reason is that it has not attracted enough calls to cover the costs of its operation. The service has given weekly buying hints and guide prices each Sunday since May 1970. But when did you want to shop for food on a Sunday? Could be the Post Office got the day wrong? Why not bring it back on Thursdays? Or, better still, every weekday.

Hidden bellyfillers

WHO would have thought that anything as unglamorous as dried peas could become an import saver and help to turn Britain's economic tide? Today 70% of them are grown in this country compared with less than half five years ago. Maybe nobody is willing to admit consuming these bellyfillers (their designation in the pea business), but £2 million worth of them are sold in Britain each year.

Biggest eaters are in the North West. Tyne Tessa area, the Midlands and Scotland. Signs are that canned giant marrowfat peas are making a bit of a comeback too.

Riding the anchor

Escaping from inflation-prone Britain will cost you more next year. Without telling anyone, the main Channel ferry and hovercraft operators have increased their prices by up to 15%. We compared the 1972 Townsend-Thoresen prices with the 1971 prices and found a standard 10% rise for passengers, and 15% for cars and caravans.

British Rail's Sealink and Seapride services have not yet published their 1972 prices, but they will announce exactly the same increases. It emerges that in August the main operators quietly got together and agreed to put their prices up by the same percentage. So next summer the Dover crossing (to Calais, Ostend and Boulogne) will cost £3.20 per passenger, instead of £3, and £4.60 per Mini car instead of £4.

Sorry Fred

OUR APOLOGIES to Fred, Homepride's chief flourgrader. The right price for the eggs cups Homepride is offering is 30p for two (plus coupons from the back of two 3lb bags of flour) not 3p as we said last week. Sorry.

Why Lien needs Londonderry

NORWAY'S best-publicised bankruptcy for years, a work-in at a factory in Bergen, and the comantic story of a Norwegian typewriter salesman turned cash-register tycoon, are all part of the tangled story of Northern Ireland's first new industrial investment from abroad this year.

On Friday it was announced that the Norwegian Jørgen S Lien Industrialist was to move its manufacturing operations from Bergen to Springfield, near Londonderry, providing up to 450 jobs within three years. Ulster was stunned and disbelieving. But Robin Bailey, Commerce Minister, was exhilarated. "Words cannot convey," he said, "what the company's decision will mean in terms of renewed confidence in Northern Ireland."

If he had been in Bergen he would be less ecstatic. Earlier this year Lien's company manufacturing cash-registers and add-

ing machines in Bergen went bankrupt for over £1 million, putting more than 600 people out of work. A work-in was promptly organised, the workers raised over £100,000 to keep the company going, and appealed to Bergen Town Council for more help. But before this was organised Lien announced that he was getting out of Norway (though he is keeping a safe factory going) because of lack of help from the Norwegian Government which, he says, dates back to when he started in 1937.

Up till this year Lien had been Bergen's pride and joy. He allegedly learnt about electrical machinery assembling wireless sets for the Norwegian Resist-

ance during the war, and since then has built up an international operation under the trade name of Regma. These operations including sales organisations in many parts of the world and factories in Australia and Austria, which were not declared bankrupt and it is to service them that Lien is investing in Northern Ireland.

The search for a new base of operations dates back before the bankruptcy. According to Louis Kamber, the Oslo-based South African-born lawyer for Lien, negotiations with the Stormont Government began in March, 1970. "In 1969 we started looking at sites outside Norway where the company was having a diffi-

cult time. Our industry needs a great deal of research and development money and access to government-sponsored research. In Norway we weren't getting it. . . . We looked at other parts of Europe offering development incentives and in particular at Italy and Spain but we could do better in Ulster than anywhere else. The other options didn't give R. and D. assistance." Lien and Kamber feel the troubles have been exaggerated and were most impressed by the decision of Du Pont this summer to invest another £7 million in its Londonderry plant. Kamber is so confident of success that it hopes the company will get a quotation on one of the British stock exchanges within the next three years. It is unclear whether the quote will be extended to Bergen.

Nicholas Faith

D-day for Blackpool

47

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INDICATOR	PROFITS	DIVIDENDS	MAIN INDICES
Last week	£20.7m (+ 60.8%) 	Up: 41 Down: 6 Same: 29	The Times Industrial Share 160.56 (—4.58 on the week) The Dow Jones industrial 852.37 (—21.98 on the week) FT-Actuaries all-share 177.77 (—6.65 on the week)
Last 52 weeks	£5,006m (+ 4.4%) 	Up: 1,646 Down: 566 Same: 1,561	

Figures show annual pre-tax profits for companies reporting last week and over the 12 months.—Statistics by Exchange Telegraph

ATV banking on TV boom

□ **ATV** is having trouble with its once glamorous dissipation of the TV biz. Murphy IPTC committed 40% of its budget to "The Persuaders," a series whose slump down the American TV ratings will not persuade anyone to re-order it; the Beale music firm has been ordered to produce £100,000 less profit this year; and Pye Records has lost its important Reprise label. But brokers are expecting the massive TV industry recovery to solve these problems, lifting profits from £4.3 million to the \$6.5-£7 million range. This should keep the shares buoyant though they will become much

WHAT'S UP

more dependent on the politically vulnerable TV business again.

☐ **Hidden** in the small print of its annual report I notice that **Industrial Finance & Investment** the Dawney Day banking/ investment group, has picked up another chunk of shares in **Alfred Lockhart**, the plastic sheeting firm it once unsuccessfully hid for. The shares, from another less publicly repulsed would-be bidder, bring IFI up

to 10.6% of the Lockhart capital. Since another bid now is unlikely to prove welcome presumably IF1 will just wait clutching its strategic holding.

□ It was curious to see the hear raid on Tremlett on Wednesday, knocking the shares back from 180p to 138p, just as managing director Jeffrey Pike was finalising his largest ever, £2 million, deal for seed crushing machinery. Profits are running high and after the half year's £287,000, I expect to see the year end with profits well over £500,000 compared with the £450,000 forecast. The shares recovered to 152p by Friday.

Rundown on the booming German car exports

MOTOR HOW visitors will see that German car makers have invaded the UK in strength. As Thomas Tilling, which has the concession for Mercedes, Volkswagen and Audi-NSU, showed last week when declaring interim profits one third higher, German car exports rose 40% in the eight months to August: they rose 18%, and exports now account for a massive 57% of Germany's 2.7 million car and commercial vehicle production. Floating DM marks and the US import surplus (the US takes 40% of Mercedes and BMW exports) have made life more difficult this year. BMW expects to lose £2 million from the float alone. But at least other countries are moving their currencies into line, and the US is now showing signs of recovery on the depressed German stockmarkets.

Volkswagen is Germany's biggest exporter and in addition has recently suffered boardroom rows about the inadequacy of new model development, leading up to the spectacular departure of the boss Kurt Lotz. Daimler-Benz, the Mercedes company, also

EUROSHARE

DAIMLER-BENZ AG
Share price: DM 331 (£39);
Dividend: DM 8.5 (£1);
Yield: 2.6%;
Sales: £1,140 million;
Net profits: £29 million;
P/E ratio: 20.

BMW AG
Share price: DM 164.1 (£20)
Dividend: DM 6;
Yield: 3.6%;
Sales: £1,444 million;
Net profits: £4.6 million;
P/E: 20.

lost its chief executive in August, in a row with the controlling family shareholder Friedrich Flick, who owns 40% of the shares. Another 27% of Daimler is in the hands of the Deutsche Bank and 14% in the Quandt family, who also control BMW.

There has been on and off pressure to merge these two makers of quality cars for years, possibly including VW in a giant Deutsche Auto* company. BMW has less than 4% of the market

and Mercedes about 17% in Germany. BMW will this year produce 165,000 cars and 19,000 motor cycles (50% more than 1970). Daimler will make 300,000 Mercedes cars and 180,000 commercial vehicles. The Daimler row was about the rate the companies would like to expand. It wasn't \$100 million last year. The Fiat's were not prepared to put up the \$25 million for the next stage. BMW, also spending heavily—£120 million planned over the next five years—will raise its output from 700 cars a day to 1,000 a day next year, by an ingenious deal with Hungary. Following the spectacular failure of Mercedes to get in on the Ostpolitik on the huge Russian Kama river truck plant order, this was seen as a major coup. Daimler still has the edge on BMW in profits. BMW earnings fell by a fifth last year. Daimler's raced to a new record and higher dividend. With a return on assets of 17%, Daimler is one of the most profitable and efficient vehicle builders in the world.

James Poole



The Watson lens men, Geoffrey (left) and Kelvin, keep an eye on the product

Elementary, my dear Watson, the value of a new lens

NEW ISSUES

NEXT MONTH could just see the birth of a glamour stock. The basis sounds unpromising—profits for the current year unlikely to run over £140,000; profit growth currently showing after several good years; and a very small placing—only 35% of £100,000 issued capital.

However, Kelvin Watson, the company in question, could be an exception to the usual rule. Based in Manchester, its present speciality is the manufacture of rigid contact lenses by moulding rather than grinding. The potentially exciting item is Kelvin Watson's advanced research on "soft" contact lenses, a product of a technology invented in Czechoslovakia, which made Bausch & Lomb one of Wall Street's high-flyers last year, and given an extremely health boost to the shares of Smith & Nephew, the UK concessionaires. Although nothing is certain in this sort of high-grade research, the hope is that Kelvin Watson may be on the point of securing a triumph over his German

The new lens is still being developed at Watson's in Manchester and at Aston University, Birmingham. It could still fail to promise, but work is far enough advanced for the directors to be confident that the end result will at least equal the rivals. And

NEW ISSUES

since the demand for contact lenses is steadily growing—5% of people who need glasses use contact lenses here, 10% in the US—the first firm actually to produce a more comfortable, more easily fitted lens is in a strong position. All the more since Kelvin Watson would be in a position to license its invention—just as it now plans to license its contact lens inspection

It is a heady thought, even for someone with a company which has been the fastest growing in the UK market for the past 10 years, says Watson. But Kelvin Watson is sensibly keeping his feet on the ground. "We're not doing public on a wonder lens," says chairman Raymond Kelvin. "We're doing public on a wonder record." Which shows a growing rate to £127,000,000, unusual the current year, when the cost or selling off a loss-making Canadian subsidiary did not make things to profit. Research and development costs for the last 10 years for the soft lens are less than violent, and Kelvin Watson can now expect a return from licensing all its previous innovations, including the moulding technique.

Kelvin Watson has committed

contact lenses too—even pink ones. "Some of the people who buy hush those call themselves conjurors," says division managing director Charles Bloodworth. But I wouldn't play cards with them. The lenses make it easier to see the markings on cards." But Kelvin Watson's hush business will remain solidly medical through 12 profitable retail outlets and a professional system of consultant visiting optical practices. And even without the wonder lens, the hard contact lens market is expanding fast.

This week's P.E. action is in house-builders M. Kent. Kent, developing homes in the home-hungry South-West and the Home Counties; and with 127% of turnover in industrial development, it has done construction work of its own. Kent is going at 47c on a 10.4 P/E based on after profit profits of £310,000. That makes it under half the size of soaway Fairview Estates which now stands on a 16 P/E. Kent is right in the middle and should last it for three years, making land purchase a more remote call on resources. Kent is in the right geographical areas, and in a business which is turning up. A immediate entry presents great

Michael Pye

Where there's rust there's brass

TIME TO BUY

FOR A COMPANY whose profits are expected to increase by rather more than 20% a year for the next three years, London and Midland Industrials' P/E of 7.8 (on forecast profits) is absurd. Even with the most conservative meritec tag, the market price of the stock in five years has risen from £192,000 to £926,000, with the chairman forecasting "not less than £1 million" in the current year to March 1972. That should be comfortably beaten, and by early next year the additional £1 million in the next inhibitor product, for which the company has tied up an agreement with British Leyland, should be increasing profits by a further 25% a year at least in the next two or three years until competitors come in.

The rust device is a chemical which when applied to car doors and other rust-attracting areas prevents rust forming. British Leyland is now recommending it through its Austin-Morris dealers, and Ford and Chrysler are also interested. LMI expect to be able to build up to 150,000 units treated in 12 months, which would mean additional profits of around £250,000.

Meanwhile, LMT's other divi-

oions are going very well. Engineering services should increase in 1976, and with the acquisition of a week of R & P stockholders and distributors fasteners, profits should be up another \$110,000.

Air conditioning and heating equipment is similarly doing good business. Profits should be up to around \$350,000 this year. The only significant trouble spot remains the moving equipment side, where depressed market has only allowed a recovery to around \$150,000. With another \$330,000 or so from the consumer group plus \$120,000 universal profit the company should turn out just over \$1.1 million. With benefit of Poole the P/E dropped 7, and if a full year contribution is made, the price/income ratio just inhibitor is dropped in the P/E could be under 8.

A company growing at the LMI is likely to achieve in next two or three years, a cumulative 12% increase in price— which implies that a price around 160 would still be the low side.

Buying price: 99p;
1971 high: 99p; low: 51p;
Yield: 5.1%;
Cover: 2.5;
P/E: 8.6;
Latest profit: \$926,000.

Critic pans Superstar Stigwood

MARKETMETER

Robert Stigwood 94½p-21½p.

● PROBABLY for the first time a theatre critic has had a dramatic effect on the stock market. The publishing of the review of "Jesus Christ Superstar" by the New York Times critic Clive Barnes at a time when the show is booked solid for three months last knocked Stigwood shares last week. The point is that Superstar must run for four months to recoup production costs for Universal, the film company which staked the money for the stage show in return for film rights; and after that it costs \$50,000 a week to run. Stigwood shares only in profit, which Barnes' acid pen could still eat away.

JIM SLATER'S offer of 60p for Scottish property group **Argyle**

Securities has closed with takers since the market p-
raced up to 112p, capitali-
Argyle at £57 million. Slater
left with his original 4
Directors of Argyle refused to
1.4 million shares, and
no market will be disappointed
no higher bid is planned. J
O'Donnell who is going on
heard as chairman, with
other Slater property men
be using Argyle for bids.

Plessey 119p-5p.

● PLESSEY'S £1.75 million profit fall to £3.4 million in the first quarter was much worse than expected. The market tried to pick up again after the announcement in 118p when the figures were released. After a short recovery the share closed last week at 119p, reflecting uncertainty about the company's ability to get back on to the level pegging half-year mark (£12.3 million) which the company has claimed it would make.

THE SUNDAY TIMES MARKET MOVEMENTS

[illegible]

Matthey in the melting pot

IS SOMEONE after Johnson Matthey, the precious metal firm that was knocked off its feet by defaulting silver speculators? The shares have jumped from 200p to 310p in a matter of weeks, and rumours about Johnson Matthey's sale of its huge Hatton Garden fortress headquarters. Neither of these really add up to an explanation of persistent buying, admittedly in a notoriously tight market or to the many options taken out on the shares.

The much touted figures of £12 million that Johnson Matthey may get from the Hatton Garden site are pretty wide of the mark. The favourite as buyer, Jeffrey Sterling of Sterling Guarantee has, he tells me, no intention of purchasing the £6 million he paid for the site, but much larger Gamages store. Another Slater protégé, Corporate Estates/Sterling Land is more interested and has the Matthey-occupied 73 Hatton Garden site up on its list of desirable buys. But again £6 million is not a price it is anxious to pay; but even if it does not win its asking price, Matthey will end up with nearer £5 million in its pocket than the £1 million at which its site stands in the books.

UNIT TRUSTS:

Britain may be sneezing, but USA has caught pneumonia

THE UNIT TRUST business is supposedly having a tough time with high redemptions and lacklustre sales producing a net income of only £7.5 million to the last three months. But compared with America the situation is positively rosy—and certainly not where investors should take right.

They do seem to be being frightened, though. In the US, a my colleague Harlow Unger reports from New York, share prices on Wall Street all but collapsed last week, largely under a weight of the heaviest selling of the year from the country's 3 billion mutual funds, as if trusts are called there. And is selling was largely forced redemptions of fund units.

In May redemptions there exceeded sales for the first time since 1954 and by September the situation was even worse, with redemptions at \$470 million top sales of only \$166 million.

Massive drain on the funds. The basic cause is the same as here, that investors light in the 1969-70 share slide getting out now that they have in money back. But the real problem is that mutual funds, with their own only 8% of all assets probably now account for 25-30% of all trading on 11 Street. Thus there is a wing danger that the doubled fall in prices caused by red selling and lack of fund income could saddle the full stock market crash.

is one of the great advantages of British unit trusts over American big brothers that could almost certainly not open here. To start with, it is that unit trusts account for less than 5% of London Stock Exchange turnover. And indeed behaviour of individual investors as a whole has quite a different effect on which way the price of shares goes as a whole. For instance, the per cent of shares were not sold in the April-September quarter. We are usually net buyers, but this is a record by any chalk.

It was precisely this quarter of the year when share prices fell their vital recovery on smothered Street. The lesson is that the decisions of buying pension funds, insurance companies, merchant banks and investment trusts that count for share prices, are heavily influenced by yields and with fixed yields lurching down, the ground for shares looks good.

One question is whether unit trusts specialising in financials, banks insurance and property will continue to make the main tables with Anthony Mellon's Target Financial top the three-year winners. In Wall's Financial Priority, recently well-placed and /Britannia represented by Property & General and City London among the top 10 over year—though the latter's & General has suffered in recent gold share slide.

Matthey strongly denies. Certainly there is little case for Matthey shares on their investment merits, even at the end of the week price of 297p.

But it is not hard to find a willing buyer. Rio Tinto-Zinc has a perennial need for UK-earned income for its own tax purposes. It is also keen to move up the market from base metals and establish a strong base in the precious metals rivaling the American/South African giant Engelhard. However, RTZ is a methodical worker usually slow to move. While it is in the dumps at present, there has certainly been no bid approach so far. As one Matthey director complained: "We'd be the last to know if a take-over bid came in." While it is only in the wind, more cautious investors could take advantage of the present price to sell.

Bovis does it again

BOVIS is not the company to shun controversy. The City had slipped steadily from 255p to 284p since the share-managed opening of its Quebec refinery, before UK journalists and brokers only a couple of weeks ago. This

Then late on Friday, Bovis announced it was buying Twentieth Century Banking, the last and biggest remnant of Spey Finance from Pat Matthews' First National Finance for \$6.5 million. Negotiations had started only 5 days earlier. The new deal will take some justifying. For one thing Twentieth Century's growth to forecast profits of \$50,000 came in a period of tight money when it could charge comparatively high interest rates. If money gets cheaper it will be more difficult to sustain a return of 6% on lending and the P/E ratio of 161 could turn out expensive.

Even another deal gives Matthews a total of \$12.9 million from selling off the Spey bits

and pieces for which he paid \$81 million. Clearly the deal can not be as bad as it sounds for Bovis. Some sort of banking operation to finance small housing developers like Matthews did for Fairview Estates and to finance small developers who are potential customers of Bovis' construction divisions has been under development for almost a year.

Twentieth Century will allow Bovis to jump straight in on a big scale so there should be useful profits to the rest of Bovis. What is more, Bovis does not have to make the cash payment until next May so it can choose its moment to place some shares or raise loan stock and make the acquisition do more than pay for its keep. As Sanderson says: "We'll have our 1972 profit forecast out by then—conservative of course." So perhaps the City had better try to keep its head down and concentrate on that \$4.3 to \$4.4 million this year and much more next.

Ultramar: The facts

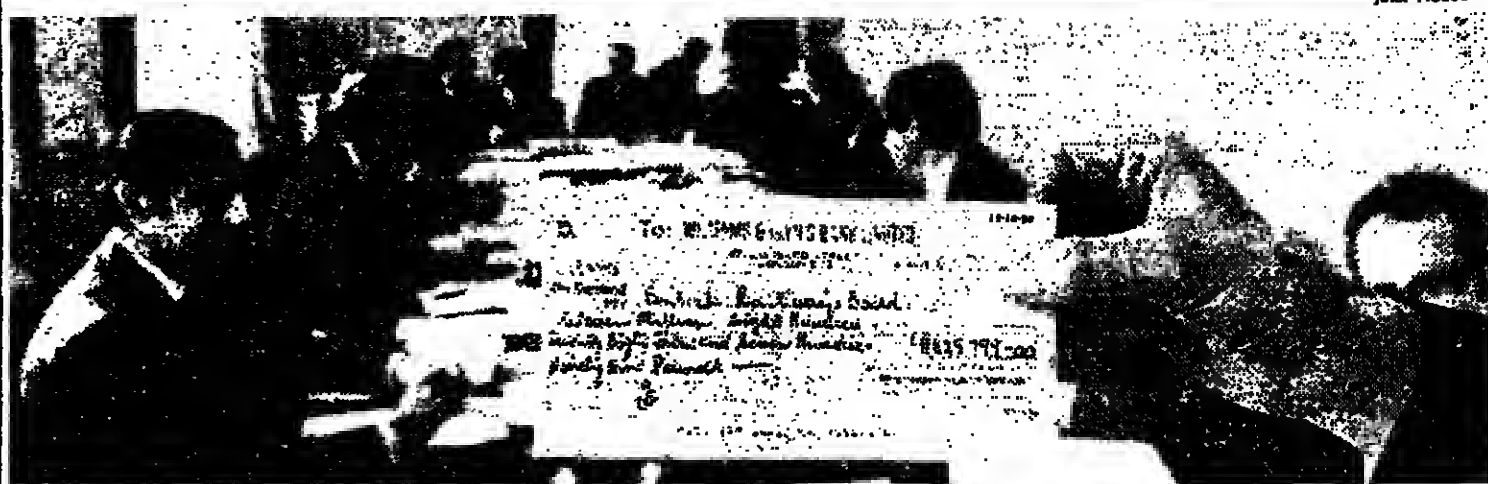
ULTRAMAR's share price has slipped steadily from 255p to 284p since the share-managed opening of its Quebec refinery, before UK journalists and brokers only a couple of weeks ago. This

might seem odd since this make-or-buy refinery will double Ultramar's sales of \$55 million and profits of £2.7 million.

A long line of shares has now cleared the market, but that is not the whole story. A couple of brokers are worried about the rights issue we predicted a few weeks ago to replace the £40 million refinery loan financing. They are also concerned at the high level of capitalised preproduction and exploration expenditure in the balance sheet and the fact that there will be another £3 million of each for this year not charged to profit and loss.

Campbell Nelson, the chief executive, has explained in a private circular how Ultramar needed its earlier days to finance exploration in this way, so as not to distort current profits by heavy investment in future production. This is fine as long as things do not go wrong. Now that Ultramar is becoming a more mature industrial company the necessity for this is lessening.

Nelson replies that Ultramar will from now on be spending much greater sums on exploration, possibly \$5 million a year, and to charge this direct to costs would distort the true profits picture. He needs to take some time to explain it to all shareholders.



How to write yourself a cheque for £11,828,799... and cash it

MEASURED on the dubious scale of how long it took me to understand it, the saving £11.5 million finance plan signed on Friday at bankers Morgan Grenfell by British Rail is pretty complex and obscure. But the results flowing from the first £11 million cheque are so straightforward and important, including a cash saving to British Rail of something like £30 million, that it is worth examining just how the City's latest brilliant scheme, hatched by Morgan Grenfell's Guy Weston, actually works.

Basically, the heaps of paperwork are designed to enable British Rail to take advantage of tax allowances on its heavy capital spending programme even though it has no tax liability now—indeed, no profits—and is unlikely to have any for some time ahead. Instead of borrowing money and using it

simply to buy its locomotives, new trains or electrification equipment—British Rail is lending the money at the same rate to a specially-created company called Railway Finance. This company is owned by GEC, Distillers, Barclays, GUS and Morgan's co-managers Williams & Glyn's. Railway Finance then buys the machinery and leases it to British Rail, thus creating within Railway Finance tax allowances equal to perhaps 80% of the cost of the machinery bought.

However, thanks to the consortium relief provisions in the 1965 Finance Act, these lovely allowances do not have to be actually used by Railway Finance. They can be passed on to the five consortium shareholders and set off against their own, in each case, ample profits. And by another piece of taxation small print, the shareholders can

then make cash payments back to Railway Finance without this being classified as taxable income. Exactly how much of this saving of perhaps £35 million over five years will be passed back to Railway Finance is not being revealed, but is probably at least 90%. Once the money is back with Railway Finance it can be shuffled over to the eager coffers of British Rail by way of adjusting the lease payments BR makes for its equipment.

So BR gets its equipment £30 million off over five years, the co-operative shareholders of Railway Finance get a nice turn for little more than administrative bother, and payments to the Inland Revenue sag. The Inland Revenue has in fact approved the scheme, but could begin to regret this since other loss-making big spending nationalised industries are already working out the sums.

Only the £68,000,000 Abbey Property Bond Fund could give you a stake in properties like these.

The spectacular growth of the Abbey Property Bond Fund is one of the biggest financial success stories in recent times. Starting from scratch four years ago, the fund has grown to a record £68,000,000 with 34,000 bondholders. (In the last 2 months alone, investors sent in cheques totalling over £6,000,000.)

With this kind of money behind us we can operate on a much larger scale than the other Property Bond funds. For example, it allows us to snap up giant multi-million pound properties at the most favourable terms. Which means that we're able to get the best deals on the best properties.

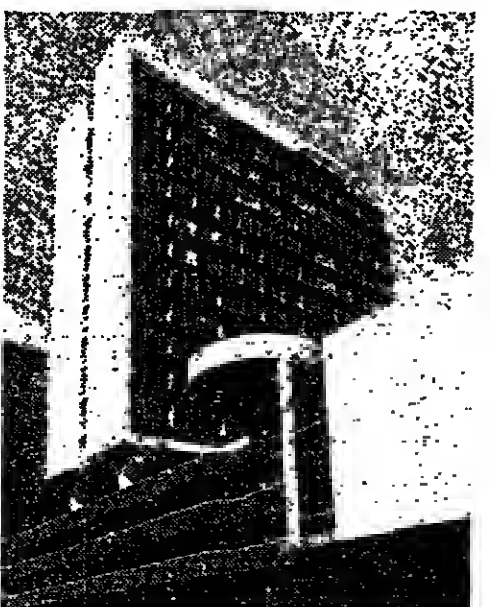
Another point: as the fund has continued to grow, we've continued to improve the bonds. For example, just recently we reduced our deduction for Capital Gains Tax, improved withdrawal facilities and introduced a unique conversion option, as well as making a number of other changes detailed later in this advertisement.

Security

The Abbey Property Bond Fund is the biggest and most successful in Britain. But we have a lot more behind us than just our own individual assets. Abbey Life itself is one of the country's best known Life Assurance companies with assets exceeding £1.40 million. And behind them is the giant I.T.T. Group, worth £2,800 million. So you're in safe hands.

Performance

One of the most attractive features of the Fund. Since its inception in 1967, the bonds have continued to appreciate. Indeed, over the last 18 months the growth has been dynamic. In the last year alone, from October '70 to October '71, Abbey Property Bonds increased their value by a handsome 12.5% (including the re-invested rental income net



Arundel Towers, Southampton. Valued at over £2,500,000.

of tax). Paying tax at the standard rate you would have needed a gross income of 18.1% on your money to achieve the same result.

Built-in Life Assurance

As long as you hold Abbey Property Bonds your life is assured automatically, at no extra cost. As part of the new improvements, life cover will increase by 3% p.a. compound from the policy anniversary following your 65th birthday.

In the event of your death the amount payable to your family will be either the current value of your bonds or the amount shown on the life cover table on the application form (which increases as described above)—whichever is the greater. Naturally, if you've withdrawn money from the Fund the amount of life cover will be correspondingly less.



40-42 Bedford Square, London. Valued at over £2,000,000.

6% p.a. Tax Free

Provided you make a single investment of not less than £1,000 you may, if you wish, withdraw up to 6% of the value of your bond each year—entirely free from Income Tax and Capital Gains Tax. The withdrawal scheme also incorporates a new feature. If you invest not less than £2,000, £4,000 or £12,000 you may now elect to have your withdrawals paid half-yearly, quarterly or monthly respectively. Of course, property values can fall as well as rise but provided that the annual total withdrawal does not exceed 6%, and that total annual appreciation is not less than 6%, your bond would retain its original value (calculated at the offer price of the Units). The annualised growth rate achieved has, in fact, comfortably exceeded 6½% since the bonds were introduced.

Conversion Option

This is a new feature unique to Abbey Property Bonds. You may at any time elect to convert the units of your property bond into Abbey Equity Units or Abbey Selective Units, at a cost of only 1% of the value of your units.

Tax Benefits

With Abbey Property Bonds you have no personal liability to Income Tax or Capital Gains Tax either while you hold them or when you cash them. The Company is liable to income tax on the rental income at the special Life Assurance Company rate—currently 37.5%.

The Company also makes a deduction where appropriate from the value of cashed-in units to cover its own Capital Gains Tax liabilities. These liabilities are not adjusted for in the unit price. Whereas before the deduction was made at ½ the full rate of tax, in present circumstances the deduction will be made at ¾ of the full rate—a new feature.

Surtax payers are liable to surtax (or higher rate tax after 1973) when they cash in or on death, depending on their surtax situation at the time of cashing in. There are a number of provisions which enable a surtax payer to reduce, and possibly eliminate, the liability. If you are a very high surtax payer you should contact Abbey Life for precise details.

Investment Policy

The Abbey Property Bond Fund is invested in top industrial and commercial properties with really sound tenants. To name but a few—National Westminster Bank, Esso Chemicals, The Post Office, W. H. Smith, American Express, IPC and Boots.

The Fund also buys sites and constructs its own buildings in conjunction with approved developers. Naturally, this is only undertaken with letting of the completed properties guaranteed in advance. Up to 25% of the Fund can be applied in this way.

Regular Valuations

The Fund Managers, the Property Division of Hambros Bank, carry out a valuation of the Fund's properties once a month.

These valuations are independently audited by Richard Ellis & Son, Chartered Surveyors.

To make it simpler for new Bondholders, property bond units will be of the accumulator type where income is automatically re-invested and expressed as an increase in the unit value. Those who purchased their

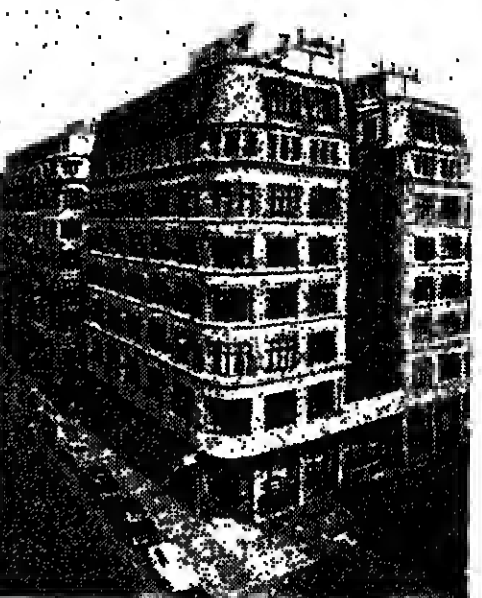
Guarantee

Now, when you reach age 65, the cash-in value of your policy is guaranteed if you have held the policy for 20 years or more. The minimum cash-in value of your bond would then be the same as the life cover (which increases by 3% p.a. compound after your 65th birthday) illustrated in the coupon below.

Disclosure of Information

As a Bondholder, you'll receive our Annual Report with full details of the entire Portfolio.

This includes photographs of the major properties and full financial information to let you see exactly how your money is invested. All new Bondholders receive a current Annual Report.



Stone House & Staple Hill, London, E.C.2. Valued at over £8,000,000.

Fill in and post the application form together with your cheque. Upon acceptance of your application, you will receive your bonds showing the number of accumulator units allocated to you.

Abbey Property Bonds

To: ABBEY LIFE ASSURANCE COMPANY LIMITED, Abbey Life House, 1-3 St. Paul's Churchyard, London, EC4M 8AR. Telephone: 01-248 9111

I wish to invest £_____ in Abbey Property Bonds (any amount from £100) and I enclose a cheque for this amount payable to Abbey Life Assurance Company Limited.

Surname (Mr./Mrs./Miss) _____

Full First Names _____

Address _____

Occupation _____ Date of Birth _____

Are you in good physical and mental health and free from the effects of any previous illness or accident? (If not, please give details) _____

Do you already hold Abbey Property Bonds or Abbey Equity Bonds or another Abbey Life Policy? _____

Tick here for 6% Withdrawal Scheme: ☐ quarterly (minimum investment £4000) ☐ monthly (minimum investment £12000) ☐ annual (minimum investment £1000) ☐ half-yearly (minimum investment £2000)

Send in your application and cheque now to get the benefit of the new Accumulator Units allocated at the current offer price of £1.02. Offer closes on Tuesday November 2nd, which is valuation day.

Signature _____ Date _____

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Age next birthday	Life Cover per £1000 invested
30 or less	£2,814
31	£2,732
32	£2,652
33	£2,576
34	£2,500
35	£2,427
36	£2,357
37	£2,288
38	£2,222
39	£2,157
40	£2,094
41	£2,033
42	£1,974
43	£1,916
44	£1,860
45	£1,806
46	£1,753
47	£1,702
48	£1,653
49	£1,606
50	£1,558
51	£1,513
52	£1,468
53	£1,425
54	£1,384
55	£1,344
56	£1,305
57	£1,267
58	£1,230
59	£1,194
60	£1,159
61	£1,126
62	£1,093
63	£1,061
64	£1,030
65-80	£1,000

Abbey Property Bonds are simple premium life assurance policies. The application and life cover cover only income only upon acceptance by the Company, and the life cover can be required. Commission of 193% will be paid on any application bearing the stamp of a Bank, Insurance Broker, Solicitor, Accountant or Solicitor. The advertisement is based on latest advice received by the Company regarding present law and inland Revenue practice. No medical evidence will be required in normal cases.

Curtain up on Trust House Forte last act

BY AZIZ KHAN-PANINI

LIKE AN OLD arthritic man, Trust House Forte got off its sick bed last week to hire out its undertakers before dying. For the bid by Allied Breweries must surely be the final act of a farce which has turned to tragedy. It was farcical ever to have expected the tea-cakes of Trust Houses to mix with the beef-burgers of Forte. It is a tragedy that Britain's largest hotel group, in the end, could not harness the energy and imagination of Sir Charles Forte himself.

The company is so split, so demoralised, that there are now only two rational solutions that the directors and advisers of THF should entertain. Either the company must go to Allied, or some other bidder, as one entity, in which case Sir Charles must surely leave. Or else whoever acquires it must have off enough of the Forte part of the THF assets to enable Sir Charles to exit from a merger which has clearly not worked. In either case, the logic appears to demand a bid of some kind is accepted and that Sir Charles and Trust Houses must part company.

If the drama of the last few weeks has demonstrated anything, it is that the most brilliant entrepreneur is probably not the right person to run the largest companies. Quite apart from the class of personality, it seems clear to most independent voices in the company that Michael Picard, the former managing director whose removal brought the conflict into the open represented, inside THF, the professional manager who lived by the book, worked through the usual appraisals and feasibility studies, and operated through structured committees. Sir Charles, on the other hand, was accused of regarding the company as his personal fief.

So trivial incidents were blown up in angry scenes. One row blew

Charles cannot be part of that set-up.

It is not even as if THF has much ammunition to fight a bid battle. The THF Council, whose £22,500 shares carry half the company's votes, looks as if it will keep out of any battle. Lord Hacking, chairman of the council, is on record as saying he dislikes the whole voting system anyway, and as Allied appears to be a perfectly respectable company in a related trade, only a very austere reading of the injunction in the council's trust deed to further habits of temperance, could bring on the veto.

The Crowther-Pickard camp appears in favour of the idea of a bid on the right terms. On the other hand, it is unlikely that Sir Charles, having established himself within a year of the chairmanship, would now want to give that up. The problem is that if this difference breaks into the open, it will prevent THF shareholders from getting the best possible offer from Allied, and Allied's chairman, Joe Thorley, knows it.

So although it has been made clear that the appointment of the two merchant banks, Schroders and Warburton, to advise THF is no reflection of another board split, it indicates that there are separate interests involved.

Allied's bid, in any case, has a good deal of commercial logic. While the hotels industry has been moving increasingly into wider leisure fields into entertainment, clubs and travel, the brewers too have been moving into the same areas and spreading into hotels as well. Allied, for example, already runs 46 hotels with more than 2,100 letting bedrooms. By next year a further 400 rooms will have been added. On the Trust Houses side, many of its smaller country hotels are virtually pubs.

The brewers also remember that the Monopolies Commission recommendation to relax the



deal of homework. Of course that is not entirely true. The hotel trade has been buzzing with speculation about what all those Ind Coope executives were doing in so many THF hotels in the weeks before the bid.

But the financial argument sticks out like a sore thumb. Allied's own development programme is still costing it £20 million a year, even though it has moved further toward one-product breweries than any other company. With a flow of £15 million from depreciation and retained earnings, Allied's cash needs are considerable. But the table split, shows the extent of THF's problems. The profit estimates are my own, but these do not

diverge much from current expectations in the market.

With £36 million raised earlier this year through loans and bank facilities, THF's cash needs have been taken care of until autumn next year. But the escalator will begin again unless the company succeeds in jacking up profits. Since London hotels are likely to have substantial over-capacity by 1973, the prospects do not look bright.

Allied could hardly have timed its approach better. Not only is there considerable internal political pressure for some such merger, but the major institutional investors have become thoroughly alarmed at the reports

of what is currently going on within the company. If Sir Charles has in fact raised his shareholding to a point where he can call on 30% of THF's equity, he could prevent the sort of full merger which Allied might want. It might be no bad thing to carve out the Forte hotel, catering, international and entertainment activities and let Sir Charles take them out of the group. And certainly the problem of paying any more than around 165p might be got around if the Forte interests were to extract their huge loan liabilities as well. But whatever the case, a return to the bad old days must not be allowed to happen.

Wilkinson leads with its chin

BY NICHOLAS FAITH

THE SECOND 10 years of the great razor war have started with a real escalation of the world wide battle between the Wilkinson Sword, the British David, and Gillette, the American Goliath. It first challenged 10 years ago with the world's first stainless steel razor blade.

Next month Wilkinson starts to advertise its new single-edged bonded razor in time for the Christmas market.

This, a genuinely superior product, five blades lasted me six months, somewhat to Wilkinson's embarrassment. Consists of a thin strip of blade bonded to a small plastic holder which clips into a new super-light razor; as with so many of the new introductions it costs more than a standard product (£1.19 for razor plus blades, 35p for five blades). But Wilkinson has the confidence born of success in the US where Bonded was launched earlier this year; in some areas it has already doubled Wilkinson's share of the market—helped by getting at the large number of US shavers who still use single-edged blades. Wilkinson's blades are now sold in the US through Colgate-Palmolive whose salesmen have a grudge against their own with Gillette. For Gillette's foamy shaving cream hammered the equivalent Colgate product a year or two back.

Gillette itself is not without weapons. Once the initial shock of being assaulted in its cosy monopoly had worn off in the early 1960s it quickly introduced its own stainless blade. Then came Wilkinson's Chromium-edged blade, and Gillette's response with a glint of platinum. But it was Gillette's continuous strip blade, the Technic, its only major innovation in the great war, which has proved to be the major success. In

Britain one in 12 wet-shavers use it, in the US one in eight—just as well for Gillette since its ordinary stainless blades are outsold nearly two to one by Wilkinson in this country despite much heavier advertising.

The latest refinement in the war is the hasty introduction into the US market by Gillette of its True II, a bonded razor with two blades for the price of one. One blade follows up the cutting action of the first, having another swipe before the truncated hair has settled back into position. This was launched earlier this month without any of the usual test-marketing during the prime time of the whole Gillette TV season, the baseball World Series (an event which this year led to rape on the streets of Pittsburgh). True II is destined eventually for use in this country if it is a lasting success in the US.

The war has taken a toll of both sides—and indeed there are signs in Britain that as the costs of new fancy shaving ideas continue to mount many shavers are turning to cheaper brands (some of these are made by the big two; Gillette makes 7 O'Clock and Wilkinson a brand called London Bridge). But there have been major corporate consequences as well. The most significant has been the fall of Gillette from profit-grace. It used regularly to head the Fortune List in terms of profitability year in and year out; its record now looks more ordinary. Its marketing skills have been proved to be very real—get away from its basic business—but it has still been unable to get away from its basic business. Wilkinson has changed much more. The first rush of success slightly unbalanced the company. "After four years of rush rush

rush we were all tired and a bit big-headed," admits Dennis Randolph, chairman of what is still firmly a family-run firm. The sudden jump from being small time makers of garden tools and swords to the big world of mass marketing was traumatic. Wilkinson expected its profits to be every year the £3 million it once achieved, without taking enough account of the inevitably heavy marketing expenses involved in a long-term toe-to-toe slug with most companies which have sworn to fame and fortune on one product. Wilkinson was (and is) short of new products; rather, it is embarrassed by a surfeit of ideas from its large research department. These have ranged from the past from the original horse lawn-mower—which Randolph is now saying they didn't develop—to an insulated teapot to keep tea cosily hot.

In addition there was a new way of manufacturing blades which reached a late stage in development before the board had the courage to admit it could not be manufactured commercially. The ideas still flow freely—and include a lot of working out aerosols and squirting liquid derived from its fire protection division but equally suitable for applying foam to faces. But after a number of years when none of the ideas were actually viable the introduction of Bonded is vital, a major new idea in Wilkinson's original trade—with the considerable risk that in Britain, where Wilkinson has half the market, it could merely replace sales of its older products rather than gaining new markets. If the risk comes off then the next idea, probably in shaving, will be produced; if it does not—well there are always swords and a nice cup of insulated tea to console the dolphins.

Let Hambros give you: the security of property bonds, the growth potential of shares and the guarantees of fixed interest in one simple new investment.

Normally, people wanting security plus a decent rate of growth for their money choose between three types of investment: unit trusts, property bonds, or fixed interest savings such as gilt-edged or a building society.

Now for the first time Hambro Life offers one simple investment that gives you the best of all three.

It works like this. You put your money

into Hambro Managed Investment Bonds, and a panel of experts takes over. They choose the combination of shares, property and fixed interest which they believe will offer the best balance between making money and keeping your investment secure.

The Chairman of Hambro Life, Jocelyn Hambro, has appointed four established experts to manage the Fund. They are:



George Fletcher, Chairman of the successful Allied Unit Trust Group.



Geoffrey Morley, former investment manager of the Shell Pension Fund.



Peter Hill-Wood, a director of Hambro Bank responsible for the investment department of the Bank.



Mark Weinberg, Managing Director, Hambro Life, who built up Britain's largest property bond fund.

Where will your money be invested?

Shares

This part of the Fund will be invested in units of the Allied Unit Trust Group. A founder of the unit trust industry in 1934, the Group has an outstanding and consistent long-term investment record. The Trusts invest in a wide spread of Stock Exchange shares, carefully chosen to give the best combination of capital growth potential and income. The Fund is also free to make direct investments in shares.

Property

This part of the Fund is invested directly in property through the Hambro Property Investment Fund. The Fund's policy is to buy business property in the United Kingdom—first class office buildings, factories and shops let on long leases to good quality tenants. A leading firm of chartered surveyors, Messrs. Jones, Lang, Wootton, act as independent valuers.

Fixed Interest

Under certain economic conditions, the panel of experts may decide that part of the Fund should be held in fixed interest investments, to give a combination of income and security. Under these circumstances, money will be held on deposit with banks, financial institutions or local authorities, or invested in gilt-edged or other fixed interest securities.

How you can draw 6% p.a. tax free*

If you invest at least £1,000 you can take advantage of the Cash Withdrawal Plan.

Twice a year, 3% of your Units will automatically be cashed-in and you will be sent a cheque for the proceeds. The amount is free of income and capital gains tax.

For your Bonds to maintain their original value, calculated at the offered price, the capital value of the Fund's in-

vestments must grow by 2½% p.a. after allowing for capital gains tax. Provided that the capital growth is greater than this, the value of your Bonds will grow even after you have drawn 6% p.a. in cash. This assumes that the net income is 3½% p.a.

* If you're a surtax payer you'll be liable for surtax solely on the profit element in the 6%.

1. The security of Hambro Hambro Life is a member of the Hambro Bank Group and thus enjoys the backing of one of the world's leading merchant banks. It is managed by a team, led by Mark Weinberg, with outstanding investment experience—including building up one of the most successful life assurance companies in Britain.

2. Increasing life assurance Hambro Managed Investment Bonds have built-in life assurance cover which actually increases with the value of your Bonds. The amount payable to your family on your death is always in excess of the actual cash-in value of your Bonds.

3. Tax Advantages Income accumulated in the Fund is subject to tax at only the reduced life assurance company rate of 37½%. It is not treated as your income for tax purposes, so that you pay no income tax on it. There may be a liability to surtax when you take out the proceeds if you are then a surtax payer, but this amount is calculated on advantageous terms.

4. How do I cash my Bonds? You can cash-in your Bonds at any time, and will receive a cheque within a few days.

5. How can I watch the value of my Bonds? The Fund is split into Accumulation Units which are valued weekly. The resulting offered and bid prices are published in the Daily Telegraph, Financial Times and other leading national newspapers.

6. What are Hambro Life's charges? The offered price of Units includes an initial charge of 5% and a rounding-up charge on unit trust principles. In addition, Hambro Life receives an annual charge of 1% of the value of the Fund. This covers the life assurance, as well as the Company's charges.

7. Annual Report Every year, you will be sent an Annual Report, giving a full description of all the Fund's investments.

8. How do I buy Hambro Managed Investment Bonds? Simply complete the application form and send it in with a cheque for the amount you wish to invest. Your application will be acknowledged within a few days.

The death benefit is a percentage of the cash-in value of your Bonds, depending on your age at death. Specimen examples are set out alongside (a full table appears in the Bond policy).

Age 30-350%
Age 40-190%
Age 50-130%
Age 60-115%
Age 70-100%

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STB LH 6

IT COULD all have been so different. The three fascinating chapters of Graham Turner's new book 'telling the story of the four-year negotiations which led to the merger of British Motor and Leyland in 1968 make that clear. It took a wide variety of pressures, mistakes and sheer accident to ensure that in the end Donald Stokes, the bus salesman from the small Lancashire town (and company) of Leyland should emerge as king of virtually the whole British-owned motor industry.

As Turner tells the story, what is extraordinary is not the gradual failure of all alternatives, but that the resultant group is now no longer the sick man of Europe's motor scene (Volvo-tragen now has that unequivocal distinction). For, with the exceptions of Rover, Jaguar, Pressed Steel and the London-based ACV truck and bus business taken over by Leyland in 1962, all the dozens of companies which now make up British Leyland Motor Corporation were in pretty desperate straits when they merged into bigger units. None had shown the ability to grow from small to really large industrial units by its own ability, without a continuous series of takeovers. Leyland itself had needed a complete reorganisation by an ACV man; even Standard-Triumph, run by Stokes himself for five years in the mid-1960s, is now having to be shaken to the core in a fight for survival.

There is very little about this in the book. Most of it consists of the manoeuvres undertaken by BLMC's constituent companies as they waited round each other as more or less unwilling marriage partners in the 40 years before the merger. There is very little on the man in the street of the companies (which was mostly personal antipathy anyway) or on the models, the engineering or the workers involved; yet these were crucial to any understanding of why BLMC finally and precariously, is likely to survive and flourish. It is because of the hard core of engineering skill among workers and management alike which was always present in these companies and which has never been mobilised before in any organised way. Within Europe only Mercedes-Benz, Peugeot, Citroën and Fiat have the sheer depth of inherited know-how possessed by the BLMC men. But the Leyland men added another new ingredient.

The crucial element in the long-drawn out series of mergers was that the Leyland men were always more realistic than the Midlands. The epitome of Ley-

How the motor giant managed not to crash

BY NICHOLAS FAITH

landery, of course, is Stanley Markland, who did more than anyone else to build up the group in the 1950s; to him is attributed the cry "anything south of Crewe is a bloody overhead." When he descended on a near bankrupt Standard-Triumph, when, on a visit to Niagara Falls, it was pointed out that so many millions of gallons of water fell over the falls each hour he merely remarked "I see now to stop it." Turner quotes the best of all. A merger with Rolls-Royce was under debate (in the story virtually everybody tried to merge with everybody else at one time or another). Markland was doubtful. Rolls's products were of too high a value to fit in. As for Leyland's: "well, we were never much dearer than sausages, about four shillings a pound, our stuff was."

The realism was not shared by the British Motor management; only Ron Lucas, the finance director, could admit to himself the appalling state of his firm, and spell out to others how vulnerable British Motor was to a bid by Leyland. So prime ministerial arm-twisting (in the form of a cosy dinner and chat at Chequers with H. Wilson), continuous pressure from the late Industrial Reorganisation Corporation, including a threat from Lord Pearson, the IROC's chairman, that it would support a Leyland bid for British Motor, an injudicious burst of realism from Lucas about his company's financial position, and a lot of ill-feeling were needed to get the required result.

It was only the selflessness of BLMC's chairman, Sir George Harriman, who compensated for many earlier mistakes by the generosity he displayed by resigning in defeat, which prevented a public scandal. As it was even cognoscent of industrial

power games noted only the departure of Harriman's deputy, the very able Joe Edwards, and of two other BMC directors for whom Stokes quietly ensured jobs in the public sector. They did not realise how nearly (and how often) the battle erupted into the sort of open warfare which had characterised General Electric's bid for Associated Electrical Industries a few months before the BLMC merger—indeed the need felt on all sides to prevent another such blood bath was a major emollient factor in the BLMC negotiations.

Under the present Government all would certainly have been different. There would have been no Government interference in the natural course of capitalism. The result could have been disastrous. For, of all the failures, slowness and incompetence revealed in the book, none is as near as that of the shareholders, the nominal owners of the dozen or so companies involved. The only constructive interference dates back to the 1920s, when a Shareholders' Association, headed, improbably, by a local cheese wholesaler, reorganised the then near-bankrupt Leyland Motors. Apart from that nothing. Even the best brains of the mighty Prudential, which was asked by both sides in the merger to evaluate the future of both partners, simply swallowed British Motor's forecasts almost whole when the most cursory chat with knowledgeable outsiders (or more searching enquiries of the finance director) would have cast considerable doubt on the likelihood of any of those forecasts being met.

The biggest single shareholder, the Nuffield Foundation, with a quarter of the British Motor equity, followed the management line. At the Leyland shareholders' meeting which followed the merger, the

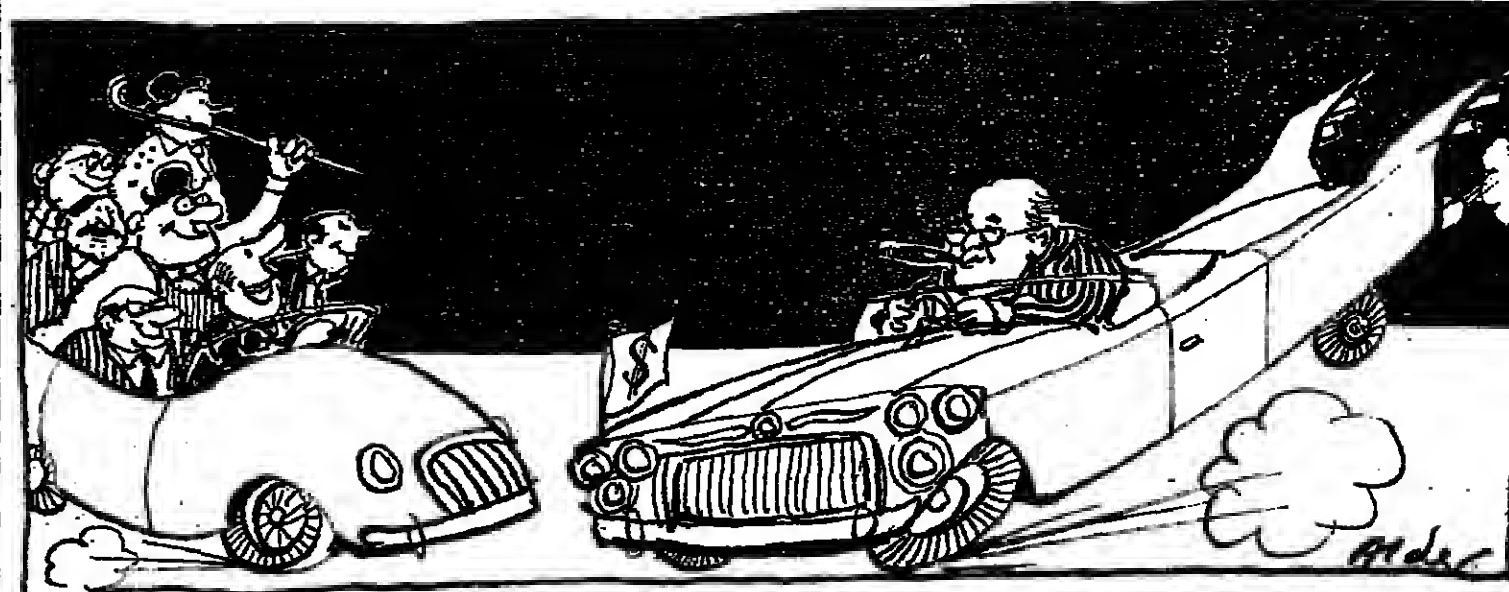
directors were decidedly apprehensive; they were aware that they could be criticised for merging when they could have waited and bid for a British Motor, which they were convinced, would then be near ruin.

Indeed their shareholders have done badly; in the three years since the merger their share price has been dragged down to a third of its 1968 level by the multiple problems brought in by British Motor. Yet "the shareholders did not ask a single question about the merger: they merely made congratulatory noises." As one of the directors said: "It was a blustering indictment of the shareholders."

Without Government interference, it is clear that Leyland would have bid for British Motor. In theory the victim ought to have been defenceless; but all the evidence is that wishful thinking would have prevented acceptance of the bid by key shareholders like the Pru and the Nuffield Foundation. Probably, then, British Motor would have slumped to a bad enough state within 18 months for a cheaper rescue-bid by Leyland to be on the cards. In theory this would vindicate the idea that Tory non-interference costs everyone less money, and is less conducive to illusions on the part of management and shareholders, than the Labour idea of a guided capitalism. In terms of sheer money this is true. But in this case at least, unless the rescue operation had started in 1968 with the planning of new models it is doubtful whether the Austin-Morris group, the heart of the old British Motor, would have survived at all. It was not that Stokes and his right-hand man George Turnhill, did much rationalising. They sacked one and did little for two years to sort out the production and labour chaos. But they did plan the new car, the Marina, vital to the whole survival of the corporation and push major management changes.

The survival of BLMC was a close-run thing anyway: had the merger not been pushed by the Government in a multitude of guises, the delay caused by a reliance on the normal forces of capitalism could have been fatal. As the Rolls-Royce and Upper Clyde cases are slowly proving, bankruptcy is not a salutary policy: it is merely destroying an expensive. And, in the case of ill-managed companies, it's useless expecting the shareholders to act as watchdogs to prevent it.

"The Leyland Papers," by Graham Turner, Eyre & Spottiswoode, £2.75.



Who will jump first in Big John's game of chicken?

BY MALCOLM CRAWFORD, Economics Editor

WHAT IS John B. Connolly up to now? Despite some surprisingly optimistic reports, the US still has not indicated that it will remove the import surcharge, if the other industrial countries revalue their exchange rates by anything less than Washington is demanding. And the US demand is nothing less than enough to improve the American balance of payments by some \$11 billion a year—implying an average revaluation by everyone else of something like 13½%. That is the analysis by the OECD staff in Paris and the IMF in Washington.

The meeting of high-level officials in Paris last week was expected, hopefully, to produce a major step towards agreement. Maybe it has, but this is not yet visible. It is not visible, not because of continued disagreement over the numbers, but because it is not yet clear whether Nixon and Connolly have decided that

they want the crisis settled yet. Paul Volcker, Connolly's under-secretary for monetary policy, told the Paris meeting that the US was now quite happy to live in a world of floating currencies (the US Treasury was highly apprehensive about floating rates, before the crisis began), while back in the US, Connolly speaks and rouses standing ovations. A growth rate of more than 6½% is now predicted for the US in the first half of next year. Remember the game called chicken, that teenagers in the US used to play with old cars? They aimed them at each other at high speed, and whoever veered off course first was a chicken. That seems to be Connolly's game.

We want trade not aid

Officially the American demand is a "swing" of \$13 billion, but reading between the lines, it appears to be \$11 billion. The other members of the Group of Ten came up with figures totalling some \$5 to \$6 billion, based on assumptions that they all need current account surpluses. (They all claimed to expect to be exporters of capital—except Canada.) It all added up to a total current account surplus of OECD countries to some \$20 billion, which is ridiculous. Suggestions were made that the US might look to a further improvement in its payments from a revival of foreign confidence in the US. To this Volcker replied: "We want trade, not aid."

The argument over the amount of payments improvement which other countries must provide the US has become quite unreal, and is now relatively unimportant. For, apart from Japan, France, and perhaps (marginally) Italy, the increases in exchange rates already realised in the market amount to a bigger "offer" than the officials of the nine made in Paris last week.

The Japanese know they will have to let the yen rise another 6½% or 7% (the yen is now 9½% above par) and while the French are not yet prepared to admit this, the need to reach a Common European Community position will force them to revalue by at least 6%, or 7%. Given these changes, the result would be a coherent realignment averaging just over 8% (the mark and the guilder are already above that). On the economic figuring now in use, this should bring about a swing in the US current account of some \$7 billion.

Retaliation would not work

To this must be added some positive effect on capital flows. Insofar as American firms establish export operations in revaluing countries, their decisions would have to be thought out afresh, after currency realignment is complete. And decisions to invest in the US would be favourably affected. So would foreign portfolio investment in the US. No sensible calculations can be made about these changes, but they would augment whatever gain the US stands to make on her current account.

So it is now over to the politicians. Will Nixon and Connolly decide to remove the surcharge as soon as Japan and France bring their currencies into line?

The US is tactically in a strong position. Retaliation against America on trade will not work. The nine would hurt each other far more than the US if they did that. The US, which generates 96% of its Gross National Product internally and only 4% from trade, does not need trade in manufactured goods, in the short run. Last week's Danish import surcharge may look like a cloud on the horizon, but it is an isolated event. The Danish devaluation of 1967 did not work, and their payments position has steadily deteriorated. They would have had to do

something even if Nixon had never imposed the surcharge. It is remarkable how many countries will need to take part in the realignment (or so the international studies show). Although it is the high nine that matter (Japan, West Germany, Britain, Hong Kong, Italy, Netherlands, Belgium, Sweden, and Canada), many lesser countries, with high exposure to external trade, and with payments in surplus, would suffer an adverse change in their terms of trade—causing internal inflation—which their people would certainly notice. This applies to Spain, Austria, and Switzerland; probably Taiwan, Hong Kong and the Philippines (with economies closely linked to Japan), and possibly some other underdeveloped countries.

Australia is a particularly interesting case. If it kept its rate unchanged against the dollar, most of the benefit would accrue to profits of its foreign-owned exporting firms chiefly exporting primary products whose prices, in dollar terms, would rise. There would be little gain to Australians, if Australia did not revalue too. But although Nixon and Connolly can sit and survey the international scene with a certain mephistophelian delight, time is not altogether on their side. There are two points here. First, some countries' export industries are going to be severely damaged. Germany is already sliding into a recession on account of this (growth in West Germany in the first half of 1972 is forecast at 1.8%, about 3½% below capacity). Elsewhere, export industries will be hurt, even if the overall growth does not suffer much.

It is difficult enough for ministers of these countries to make concessions on exchange rates now; it will be much harder for them to make further concessions once the effects on employment in export industries make themselves felt. There is a limit to the extent to which even

finance ministers can put their own exporting firms out of business.

The other causes for concern in Washington is American capital investment abroad. Here is Connolly's Achilles' heel. Other countries could help America solve its payments problem by taxing American investment in their countries. There would be great administrative difficulty in finding an agreed uniform approach among the Nine. But the to-be-enlarged Common Market (including Britain) with the EFTA countries which will be associated with the EEC in some form, could impose a uniform tax on foreign investment from outside the group—which would in practice mean a tax on American investment. If that were seen on the horizon, the surcharge would come off very quickly indeed. And if it did not, European countries would gain tax revenue, paid partly by American firms.

Settlement for Christmas?

The means of saving the faces of European countries, some of which have been denying any intent to change their parities (and all of which have insisted on the US raising its gold price), has been worked out already in the smokeless backrooms of Paris and Washington. Provisional fixed rates will be struck, as a "temporary" arrangement pending changes in parities. The par values of currencies will not change, nor will the gold ratios (which will remain theoretical in any case so long as official gold dealings remain suspended).

These proposed provisional fixed rates are being called "pivot rates." But some currencies (outside Europe) are still likely to go on floating. A settlement by Christmas seems a reasonable bet—provided Europe stiffens its back up.

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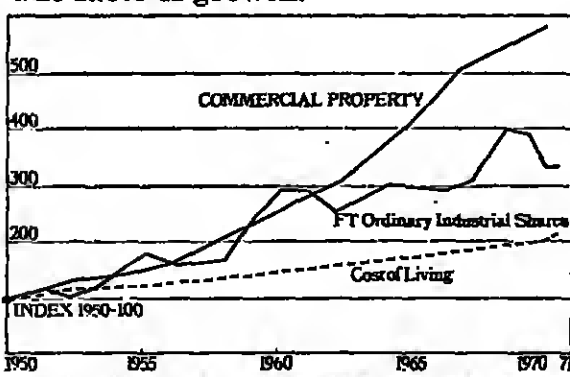
With this kind of backing, it is perhaps not surprising that the Merchant Investors Property Bond has steadily attracted investment to the tune, now, of around £3 million, but another major factor in its success has been the exclusive appointment as Property Managers of Richard Ellis & Son—one of the most respected names in the whole country.

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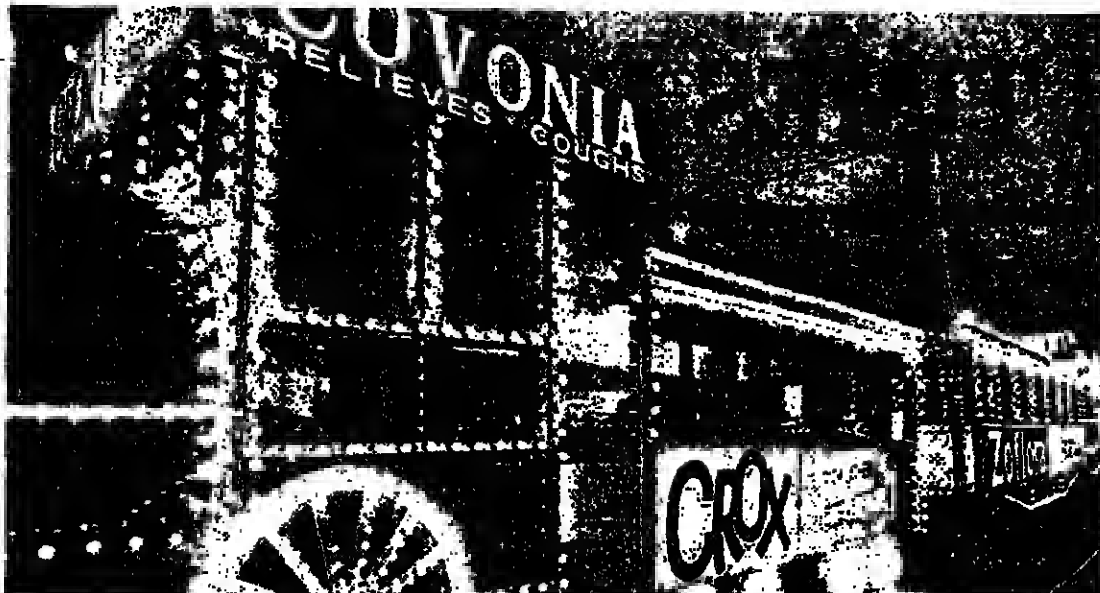
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An illuminating look at a scene of external gloss and internal decay threatening the good old-fashioned British holiday mecca of the North

RICHARD MILNER reports from the Golden Mile

ONIGHT the lights go out all over Blackpool. Six miles of blazing promenade, 50 miles of ston strip and 375,000 light bulbs will be turned off. The cavalcade of Bathing Beauties, the Heraldic Highlights, the Tinkly Stars, the Rotosphere, the Toddlers' Toybox, the Winter Wonderland—not to mention those bogus Silks, Illions, Pediments and Ionic Columns that have been stuck to the Town Hall—will be taken down and stored away. It has not been a bad season, things considered. And 1972 could be at least as good. But the illuminations keep the town and the cash rolling in years from now?

Blackpool is the wonder of the North West. About 8½ million people go there every year, 5 million during the season. It has the biggest Ballroom in the North, the biggest tower in Britain and the highest Amusement Park in Europe. It has about 4,000 hotels, guest houses and flats. It can find beds for around 250,000 holidaymakers. And yet it faces a very real threat of external gloss and internal decay.

Blackpool is still a very popular holiday resort," says Mr. Clerk Roland Hickman, who has been in the town since it began to make money. It is a town that has managed to maintain its pre-eminence in the holiday industry.

Blackpool people have heard sort of thing before. Every year, as more UK holidaymakers put on their sunglasses and fly out to Benidorm, Rovnik, Marrakesh or

Rhodes, some newspaper Jonah predicts that The End is Nigh. And every year families from Birmingham, Glasgow, Manchester and Widnes pack their bags with a sigh of relief and head for the Golden Mile. Landladies at Avondale, Holmleigh, Northview and Seaham give them a real home from home with colour TV and cocktail bar. The kids go to Pleasure Beach, the wives go shopping and the husbands go for bracing walks along the prom on the mornings after. So why should anyone worry?

As a holiday resort, Blackpool has several advantages over its UK competitors. For a start, the town has seven miles of golden beaches and is strategically situated only a short distance away from several major industrial areas. Second, it has been in the holiday business for more than 200 years and knows (or at least knew) what its customers want by way of entertainment. Third, it has been featuring full-scale illuminations since 1923 and for the relatively modest running cost of £187,000 a year—has worked a minor miracle by extending its season from the Spring Bank Holiday through to the dog-end of October.

Only a few local malcontents have had the nerve to complain about the cost of the illuminations (4p on the rates), on the grounds that outsiders can drive in to see this "Greatest Free Show on Earth" without actually spending anything in the town. By laying on this £600,000 display, Blackpool Corporation has extended the normal holiday season by four or five weeks. It is a small price

to pay for "No Vacancies" notices in guest-house windows in the third week in October, when gale-force winds lash slush-coloured breakers off a gunmetal sea and cab-drivers reckon cheerfully on 31ft tides swamping the South Shore.

Blackpool is a quite fantastic entertainment centre. Ken Dodd and his Tinkling Stick has been playing to the tune of £23,000 a week at the Opera House, which, along with a major chunk of the town's showbiz real estate, is now owned by Electrical & Musical Industries. It's an all-time record," Bernard Delfont observes happily, leaving his cigar to smoke itself. And this is really an understatement. No other theatre in the world has been packing in an audience of more than 35,000 a week, with the exception of Radio City. And this is only one of ten major shows, to say nothing of those in dozens of pubs, clubs and cabaret-bars.

Value for money is civic motto

Nor should anyone attempt to minimise the enterprise, goodwill and vigour of Blackpool's landladies, the quietly seething huff of so many musical hall jokes or their financial influence. Somehow, they contrive to provide full Lancashire board and most mod. con. at around 30s a day with reductions for kiddies and old age pensioners. And they are traditionally invited to the dress rehearsal of the Northern comedy at the Grand Theatre, with reason. For they make recommendations about all the shows to their guests and take advance bookings. It may cost £40,000 to stage a major show at Blackpool but advances can total £60,000, against (say) £4,000 at Plington.

Part of the problem is that Blackpool is no longer quite certain who it is catering for. When the first holiday advertisements appeared in 1776, the promotional emphasis was on the physical benefits of a seaside holiday. Something of this spirit still lingers on in hotel names like Queen's Hydros and the offer of "remedial baths" in the posher atmosphere of Lytham St Annes. Later came the funfair hallyhoo and the presentation of Blackpool as the working man's dream of paradise. Then the working man started to go to foreign places such as Spain, didn't like the food too much but came back with a taste for luxury comfort at a bargain price.

If Blackpool has a civic slogan, it is "Value for Money." Impresario Bernard Delfont insists that this is what his customers want, and so does hotelier Eric Farley. And if any one up there is interested in an unsolicited testimonial from a Southerner used to Southern prices, that is precisely what the average Blackpool holidaymaker gets. But for a town so concerned with the value of money, it is astonishing how little the average Blackpool hotelier impresario knows or even cares about where that money comes from. Established success has produced an almost inbred complacency. So long as the money is there, why worry? After all, as far as most ordinary folk are concerned, you can keep your Costa Brava. . .

Even now nobody in Blackpool knows exactly how many people actually stay in the town or how long they stay or why they have come there and whether they will come back. Such statistics as are available come from traffic figures, which (in view of the ever-changing

illuminations) can provide only the vaguest idea of the town's popularity as a resort—or its prospects. For that it is worth, incoming traffic was up by around 5% in September and October. Most people would rather forget about the postal strike and bad weather that got the 1971 season off to a bad start. Blackpool Corporation is now at last conducting an in-depth survey with the British Travel Association.

Results of this survey will not be available for some months yet. But two important points are already clear. First, that Blackpool is not a typical British holiday resort. Partly as a result of its "cloth cap" image, business at several top-class hotels is rather slack during what would elsewhere be the height of the season and picks up properly only when conference time gets under way in the autumn. It comes as something of a surprise to hear that general manager Jack White of the four-star Imperial Hotel, for example, takes his holiday in August. Second, the pattern of holiday-making has changed and is still changing.

At first sight, this is not obvious. Lancashire towns still shut down for their "Wakes Weeks" and come to Blackpool almost en bloc, filling the amusement arcades, cabaret bars, fortune-telling booths and steak 'n' chips restaurants. Police leave is still cancelled for the two Glasgow Weekends, though by all accounts rather less of a rough old time is had by all. And even though Blackpool Corporation prints its brochures in seven languages and Mr Delfont insists valiantly that "it isn't all Northern comics," the facts remain that there aren't many Continentals around and the stars of three 1971 EMI shows were Ken Dodd, Jimmy Tarbuck and Hylda Baker.

Naturally, it would be ridiculous to suggest that the Blackpool entertainment scene does not change. It has to change to stay on top. Ken Dodd has done terrific business in at least four of the past 10 years. But in 1972 there will be another top star at the Opera House, paid at London rates with a percentage of the gross as an extra attraction. Last year Delfont converted the cavernous Empress Ballroom, where 4,000 couples could dance without treading on each other's toes, into a more clubby Stardust Garden along the lines of his Talk of the Town in London. Business this year has trended up, as Blackpool got used to the idea. Next year the Stardust Garden should make money.

Hair hits the wrong note

Holidaymakers are constantly demanding something better, different and more up-to-date. Boutiques and night clubs are opening up all over and, although individual ventures may crash with a screech of debts, will almost certainly become familiar features of the Blackpool townscape. But this is a gradual process of sociological revolution. Fundamentally most summer visitors are still out for a good laugh and a song, a few drinks and maybe a little dancing. Ripley's Odditorium, featuring a shrunken head and funny tombstones, has been crowded. Clinton Ford and his Old Time Music Hall has done very nicely. "Hair" was a flop.

Some institutions have gone from strength to strength. Like the Blackpool Pleasure Beach Company, which was founded in 1906 and now sprawls over

40 acres on South Shore with its Casino building housing a restaurant and three huge bars, an Ice Dome, 18 cafes and 41 "rides" including Britain's only Log Flume—a sort of water-horn roller-coaster 2,500ft long. After the Astro Swirl in 1969, Pleasure Beach is now introducing another £100,000-plus thrill with its new Gold Mine. Visitors in "ore trucks" plunge through the shaft of a Sierra Nevada gold mine "amid the dangers of falling rocks and violent explosions." It is officially described as "a terrifying experience."

Pleasure Beach finances new attractions reckoned to cost up to £250,000 apiece on the back of its own huge success. It is a private, unlimited company and chairman Leonard Thompson, who runs this mammoth thrillorama with his son Geoffrey and finance director Charles Burrell, aims to keep it that way. Turnover and profit figures are not disclosed, only mechanical statistics and the price list. Will it ever go public? "I don't somehow see him going into the market," Burrell observes thoughtfully. When almost every visitor to Blackpool comes round to spend up at your place, it generates a powerful feeling of independence.

But Blackpool is much less well-placed to meet changing trends on the hotel front. Conferences have become increasingly important as a method of filling beds in the off-season—and not just those much-publicised get-togethers of the Conservative Party, the Labour Party and the Trades Union Congress. At least one retailer reports that his peak trading period is the last week in January and the first week in April, when 1,000 exhibitors and about 30,000 buyers get to work on their expense accounts at the International Gifts Fair. Blackpool already has a fair chunk of the heavyweight business as it can manage to seat 4,000 delegates in the same room.

Finding this number of bedrooms without dotting people haphazardly all along the Fylde coastline, though, is another matter. At a recent Tory Party Conference, for example, John Wilkinson of Telefusion was asked if he could put up a very senior West German politician. "I didn't mind at all, actually," he comments. "He was a very interesting chap." From the town's viewpoint, however, this sort of thing matters a great deal. Conference specialist Bert Newby reckons that a (national) average downturn of 10% a year in seaside holiday-making with extra conference business. But only if it provides the right kind of accommodation.

Newby retired this year as conference-chaser in chief for the Blackpool Tower Company (alias EMI), and was promptly recruited by Eric Farley, an ebullient 36-year-old North Londoner who made his pile with a group of budget-price Bayswater hotels and now aims to work the oracle on the larger and more luxurious Norbreck Hydros that he bought last December. "We took over a bloody great prison," he says bluntly. "Now we are making that prison into a bloody good castle." A £600,000 development plan is under way to transform this crenellated pile into a modern 700-bed luxury hotel, incorporating a brand-new motel wing and a custom-built 4,000-seater conference hall, in time to catch corporate trade next October.

Already the Norbreck is looking whiter outside and much more professional inside, sporting an imaginatively-designed hotel bar that would not disgrace the most ultra-modern

establishment. And although the hotel operates at an average capacity of less than 40%, the separate Castle Bar on its right wing is generating a turnover of £150,000 to £200,000 a year and helps the whole operation into the black. "We're selling conferences a bit in the air at the moment," Newby admits, "but I've booked the Club Trades Fair in October next year."

Blackpool Tower seems to view its potential rival on the Queen's Promenade with a certain lofty tolerance. "Good luck to him," says general manager Mr Gledhill, "because the money all goes round the town. Some of it is bound to rub off on us." But just as Farley sees conference business as a means to boost the Norbreck's occupancy rate, so profitable bar takings could be creamed off the Winter Gardens if Bert Newby managed to swing some of the key conferences from the old-established venue to the brand-new facility. And there can be little doubt that the town needs an all-round operation.

To its considerable credit, Blackpool Corporation realises the need to attract more conferences, to cater for increasing numbers of weekend visitors, and to plan even further ahead to fill the gaps in its entertainment programme. It is now working on the first £500,000 phase of Blackpool Zoo, which is scheduled to develop into a regular "mainstream" zoo like Regent's Park or Chester. And a very interesting place it should become, starting with a Universal Zoo in the middle and with distinct continental

sections radiating out towards the perimeter of the 100-acre site. It is expected to open next spring.

Inevitably, there have been some groans about the burden on the rates. But managing director Cyril Grace, who quit as head of Dudley Zoo because he reckoned that the new owners were more interested in funfairs than fauna, is budgeting for profit as well as preservation—starting with a pair of Whitaker's Wildebeests bought from De Beers. And he is determined to involve Blackpool people. The Hotel and Guest House Association people have subbed up for an Indian elephant (they wanted something symbolic but turned down his original impish suggestion of a brace of vultures), and the Waldorf is sponsoring a pair of pumas.

Two crucial barriers

Blackpool Corporation is now setting its cap at the West German market in a bid to attract more Continental visitors. But there remain two crucial barriers. First, neither Blackpool Airport nor Blackpool North Station presents the most attractive prospect to the incoming tourist. And although British Rail plans to build a new station (it was scheduled for 1971 but deferred), the airport is more "political." Locals do not take kindly to its development, as it costs them £60,000 a year and is mostly used to fly people out to the

Isle of Man. Some £15,000 has been spent on new customs facilities, though.

Second and more important, not one solitary hotel has been built in Blackpool since the New South Promenade was developed in the 1930s. Even medium-sized guest houses have installed E & C in all rooms, fitted cocktail bars and built sun lounges out in front. Some middleweight hotels like the Chequers have built new extensions, some like the Kimberley have even (in line with their patrons' newly-acquired Continental expectations), sacrificed bedrooms to provide more bathrooms. But many of the buildings are Victorian, inevitably showing their age behind the new frontage. And there is a limit to the most thorough "modernisation."

But current economics militate against the building of new medium-price seaside hotels in Britain. This problem is not, of course, peculiar to Blackpool. But because Blackpool is Britain's biggest holiday resort, because it has been in the business longer than most and because it takes a justifiable pride in good value at low prices, the town will in future stand to be particularly hard hit.

"If something's there and it's serviceable, it's too good to knock down—that's the trouble," as one businessman said. Small wonder that Town Clerk Roland Hickman would like to get one brand-new top-class hotel on the Pembroke Estate seafront site. And that others are wondering whether more affluent visitors would pay a premium for new motel rooms in Blackpool.

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Prufrock

The orange groves of Leeds

THE ORANGE CROP in Leeds this year is as good as ever. Any one wishing to verify this citrus curiosity, and at the same time investigate the city's growing fame as a source of sub-tropical trees and plants, should catch a number 66 bus from outside the railway station and go all the way to Leysholme bus terminus.

From there it is a short safari to Derek Fall's nursery on a hillside overlooking the grey, grimy, richly chimneyed Leeds landscape. There you will see his orange trees in full fruit. His banana, grapefruit, lemon, pineapple and passion fruit trees are growing a treat too. So are the bougainvilleas, hibiscus and oleander and one of his lime fruits already weighs 22oz.

It is a warmer world under the glass of Fall's nursery than it is in the Yorkshire air outside. It is quite an astonishing business one too. Coals to Newcastle are one thing, but selling orange trees to Spain, bougainvilleas and oleanders to Italy and other sub-tropical exotica to Africa is a marketing triumph to which it takes a bit of time to get accustomed.

Nt that they all go to the tropics. He has sold banana trees to Norway and cotton plants to Portugal. In Italy they are polio on his oleanders. For some reason they don't seem to like the range of colours there that he gets—pinks, whites, reds and yellows. The funny thing is that Fall, up there on his hillside, doesn't think there's anything particularly special about growing sub-tropical plants at all. He says anyone with a greenhouse at a modest 55 deg F can grow his own oranges and bananas—and eat them as well.

"People forget that it can get cold in the tropics and you have frost in the desert," he says, remembering his service with the Long Range Desert Group during the second world war. "You can grow most sub-tropical plants at a minimum of 45 deg and just about anything at 55 deg."

Nonetheless there are problems. Ordinary yellow banana trees for example, they grow to a height which would swiftly push holes through the roof of his greenhouses, a phenomenon which might prove perturbing for

passengers off the last late bus on a Saturday night. Though come to think of it, what he does instead could give you a shock after a wild night out. Instead of mellow yellow bananas he grows red, velvet-skinned ones. These trees only attain a modest 5ft 8in instead of 8ft or more. Reasonably enough Fall thinks his red-skinned bananas and other sub-tropical plants make him the only nurseryman of his kind in the country. Even the Royal Botanic Gardens at Kew pass on inquiries they get to Leysholme Nursery, and lately he has been profiting from the growing number of private indoor swimming pools being built. They have just the right humid conditions for tropical gardens.

The business started accidentally 16 years ago when Fall took over a derelict nursery on the Leysholme housing estate. It had half an acre of glass, mostly broken. At first he trod the usual horticultural path with geraniums and herbaceous plants. Then he began to grow tropical ones in one of his greenhouses, more as a hobby than anything else.

"People wanted to buy them instead of the geraniums," he says, "and it just grew from there." Most of the business is done through mail order with 10% of the sales overseas. "The reason for this," he says, "is that don't seem able to compete with me. Their range is limited while I offer 1,000 different plants in my catalogue," says Fall. For example he has 26 different varieties of bougainvillea. Even allowing for selling orange trees to Spain his proudest moment came when Geest, the big banana grower and importer, ordered 10 banana trees for its headquarters in Spalding.

Some sales spring from people's desire to score over friends. Loutelous vegetable marrows and fanatics have been stopped in their tracks by a man giving a brisk discourse on his orange crop, even though they only grow to tangerine rather than Jaffa sizes.

Having what looks very much like a minor sub-tropical plant monopoly doesn't mean you can do without fanning the flame of entrepreneurial fire now and again. Look at the chance Fall



Derek Fall: red bananas among the chimney stacks

took with bananas a couple of years ago. "I grew 1,500 plants and people said I was mad. But they all went inside 10 months for £2 each," he says. On average he sells 800 citrus fruit trees a year for £2 each, offers bougainvillea at about £1.50 each, 25 different kinds of hibiscus at £1 a time and oleanders at 75p each. If you wanted to serve home grown and ground coffee after your home grown tropical fruit salad Fall has £1 coffee plants which yield beans.

Perhaps most bizarre of all is that Fall is a valuable source of humming bird baths. According to him a surprising number of people keep humming birds in Britain and the problem is that the humming birds don't go for the sort of plastic product a

hedge would settle for. Which is one of the reasons why he grows promelias, a plant which has to carry water in its centre to survive, and which humming birds have long awarded rosettes for comfort and mod cons.

Jethou goes pop

MY STORY last week about the tiny, taxless Channel Island of Jethou coming up for sale has caused a stir among island lovers everywhere. So much so that there has been a minor stampede for the lease, which has 24 years to run.

The competition from potential buyers is so keen that two

cheques for £10,000 have already been put down as deposits, although they have not yet been accepted. You will recall that the present Crown tenants, Angus and Susan Faed, are asking £40,000 for it plus £5,000 for effects. Joe Tingay, their estate agent in Guernsey, tells me the response has been amazing. He has had telephone calls from all over Britain and some people phoned seven times. "I suppose I have had more than 100 telephone conversations so far and my office had to keep lines specially cleared for me," says Tingay.

Details have been sent to inquirers as far apart as Dublin, Geneva and the Seylls Isles. One waot: I to swap an equivalent property in another island for Jethou, or alternatively swap Jethou for furnished accommodation in the West Indies. Another wondered whether the island could be developed as a self-catering holiday spot.

Yesterday five contenders were due to visit Jethou. "If they are all still keen afterwards we may have to hold an auction," says Tingay. "That really would be something, wouldn't it? Ever-on sitting in Sir Compton Mackenzie's old library with the birds coming in at £1,000 a time. Just in case he thinks he will take his auctioneer's hammer v him."

SOMEONE once said Britain and America were separated by a common language. Robert V. Sornoff said it again in London last week.

He was talking to a gathering of British businessmen and as he is a man who is chief executive of RCA, the big American company which is in everything from radio and TV to publishing and car rental, he went to some pains to avoid any semantic misunderstandings by defining his terms before he started. Thus according to Sornoff:

Economics is an arcane religion practiced by economists, a large body of people, who, if laid end to end, would still point in all directions. Finance is the art of passing currency from hand to hand until it finally disappears.

Currentcy is an assortment of frequently exchangeable substitutes for work or merchandise. The most familiar is the dollar, a unit with the odd property of appearing to become worth more to some as it becomes worth less to others.

Government is a word of an economic paradox, the only service for which we are grateful not to get as much as we pay for.

Inflation is a condition of fleeting influence which explains why you can't take it with you: it all goes before you do.

Philip Clarke

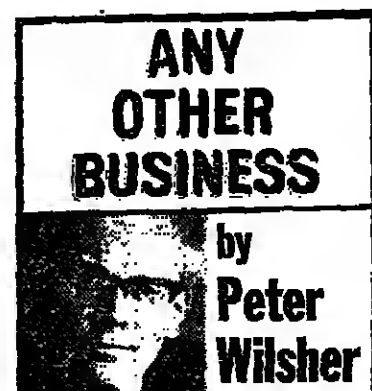
Make life less cosy for the gas man

FOR SEVERAL WEEKS this summer, the pavement outside my house was made impassable, for several hundred yards each side, by men tearing up and replacing leaky gas mains. It is still scarred by a lumpy and irregular band of make-shift asphalt, to the point where my neighbours are getting up a petition to the local council to do something about it. Several rose bushes and a mass of tulip bulbs in my front garden were lost for ever as squads of enthusiasts trenched and re-trenched in search of an elusive slight feeling of disorientation that I read last week, in the Report of the Select Committee on Nationalised Industries on "Relations with the Public," the sturdy, unobtrusive evidence from the chairman of my local Gas Board that he had had "no problems whatsoever" with the tricky matter of natural gas seepage. That he assured the deeply impressed MPs, was something that only happens in Holland. And so the committee passed on to the next fascinating subject.

In fact it passed on, in all, to some 616 pages of evidence, in which coal men affirmed that none but the most bizarre of customers ever complained of trouble with solid fuel supplies, electricity men swore that the instant cut-off was really the most humane way to deal with defaulting bill-payers ("We have a drill with the welfare people"), and telephone men confessed that sometimes they felt there was a danger of complacency eating into their efficiency, because of the astonishingly few complaints they received.

Altogether, this document, which you can purchase from Her Majesty's Stationery Office for a trifling £4.70, constitutes a positive poem in praise of public enterprise, as seen from the strongholds of public enterprise—and those strongholds appear, unfortunately, to include virtually all of those costly incestuous organisations which are supposed to represent the interests of the user and the consumer of these inescapable State services.

In page after page of good cheer, the representatives of such groups as the Central Transport Consultative Committee and the Domestic Coal Consumers' Council, hug their chains and announce how delighted they are with their present set up. And then, in paragraph after paragraph of polite questioning, the parliamentarians bring out the dreadful dingy truth of their situation. That by and large they occupy



ANY OTHER BUSINESS by Peter Wilsher

offices, and live on the (usually minimal) budgets, provided by the boards whose activities they are supposed to police. The heavyweight members of those boards sit in on their deliberations to make sure that things don't get out of hand. That frequently their chairmen are seconded from that board's own ranks. That they have no power to publicise any criticisms they may care to make, except in the small print at the end of their annual reports, which is, of course, published at the expense, and under the auspices, of the board that is supposed to be their charge. And that, to the words of Mrs Beale of the Coal Consumers, the reason why they have so few complaints to report is that "not one person in a thousand has ever heard of our existence."

But of course in this fairy-tale world complaints are the exception, rather than the rule. The Post Office, for a start, never seems to get any at all—despite the fact that its evidence cheerfully admits that, if an STD subscriber queries the number or extent of the dialled calls he is supposed to have made, there is no way at all in which his claim can be verified or disproved. "We just have to accept what the meter records, and look at his average use," is the oft-quoted message. And if his line got crossed with somebody's lonely nu pair calling Mummy in Marseilles, well that's just tough luck, hahy.

The Southern Electricity Board was a bit more forthcoming. It did at least admit to receiving 1,000 irate letters a quarter from its customers. But even that is pretty small beer among several million. But of course, it all depends what you mean by complaints. My own electricity board, unfortunately, did not volunteer any evidence. But it did

occur to me to wonder, read the effluent words of its legates, just how the unenraged of my night storage he would figure in the comp records.

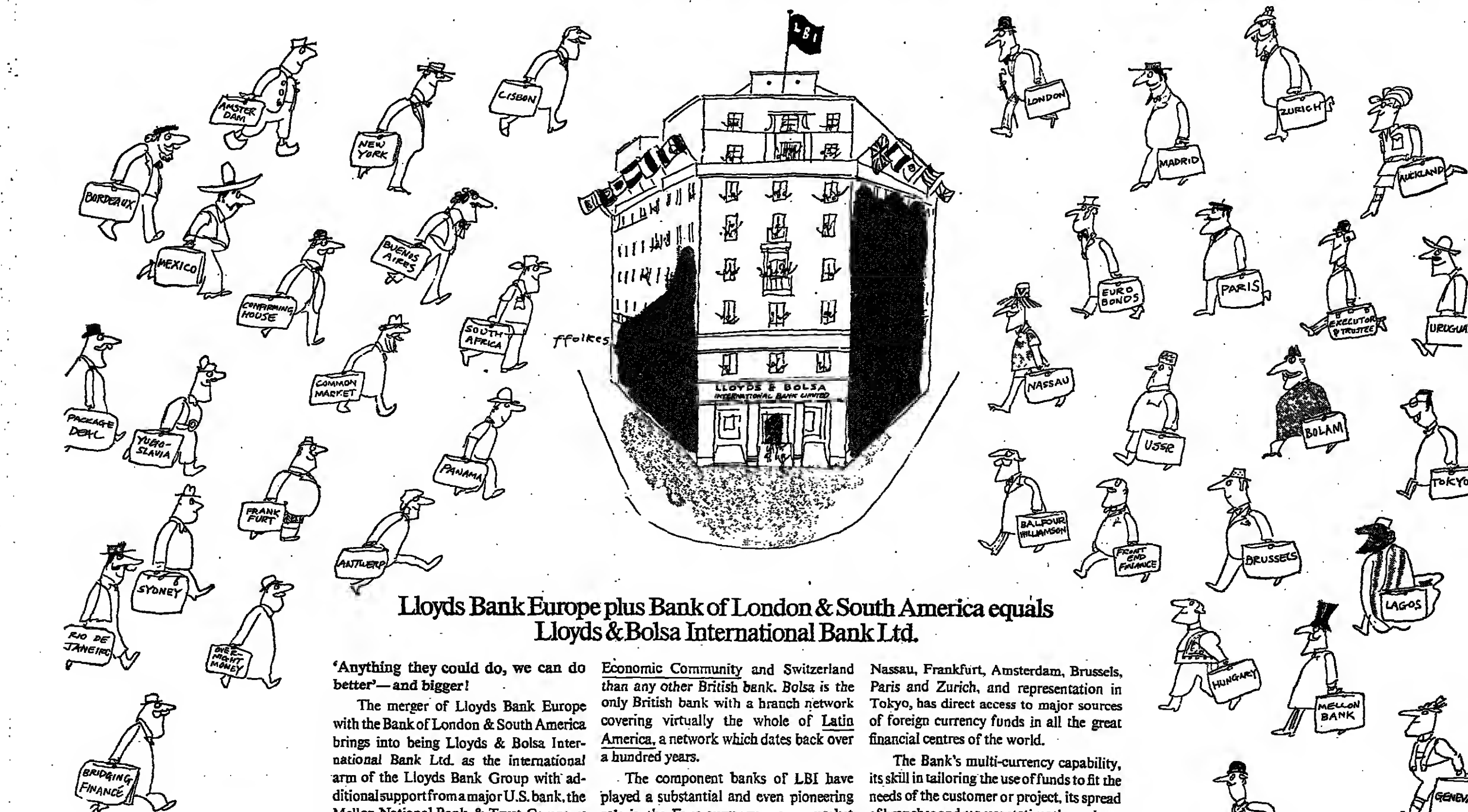
This object, you will be cinated to hear, suffers from over-sensitive thermostat. W means that if you breathe or it switches itself permanently. So far this year, it has visited by 23 more or less representatives from the Electricity Service Department. The more highly skilled take the thermostat and replace it makes no difference. But now have moved on to higher gro. It is the lagging that is w. So new lagging is ordered, weeks delay, strip the mac down to its components, and find the lagging is the wrong Rebuild and start again.

Now, at last, after three of standing charges, numer (disputed) bills for maintenance and a final middle-level exsion it is—temporarily, no do—working. Prices for funds purposes, suspect it only co as one, or just possibly actual letters. And even they not have gone far enough up hierarchy to qualify as gen "consumer protest." So my be sag slumber on, content with confidence that it is doing grand job.

The Select Comm bably, does not share complacency. In fact it is usually thinks the w set-up stinks. It wants the naised boards to come n cleaner about their future pl it wants to make the exis consumer committees far n independent and critical, unfettered access to funds, sultancy and a wider ring future members; and it want drop all the ridiculous limitat which forbid, for instance, transport committees, to dis something as fundamental fares.

All this is fine. But ultima it all depends on getting s consumers on the commit who will actually probe, pressure, and propagandise on half of consumers at large. The Select Committee, for w seem to it good reasons, to down the idea of election, remains up to Ministerial nona ation. And the best job Edw Heath could do for the nation ised industries—far better t hiving hits of them off—w undoubtedly be to get some re well-financed and abusive Na types to snap at their heels.

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